

DRAFT
MINUTES OF THE ANNUAL MEETING
OF THE RANCH AT ROARING FORK
HOMEOWNERS ASSOCIATION
August 13, 2011

The Annual Meeting of the members of the Ranch at Roaring Fork Homeowners Association was called to order at 10:22 a.m. on August 13, 2011, at the home of Mr. & Mrs. Hunt, the original Ranch House. Board President Paul Schlauch presided over the meeting. All attendees were mailed a packet which contained the Agenda, the Minutes from the 2010 Annual Meeting, Election Ballots and Proxy.

The President, Paul Schlauch, was advised by Vanessa Anthes, the Ranch Secretary, that a sufficient number of members of the homeowners' association to constitute a quorum were present.

Sue Reynolds made a motion to accept the minutes of the 2009 Annual Meeting. It was seconded by Peter Breitenstein, and unanimously approved.

President Schlauch introduced himself and the members of the Board who were present: Chris Coyle – Vice President, Dennis Reynolds - Treasurer, Gwen Ballard – Chair of Golf Advisory Committee, Dan Ellis, Vanessa Anthes - Secretary and Christie Jensen – Chair of Open Space Advisory Committee.

Mr. Schlauch recognized past presidents, thanking them for their service to the Ranch. He then recognized past board members for their contribution.

PRESIDENT REPORT – Paul Schlauch

The state of the Association is good, but it's been an interesting year.

In 2010 the board moved forward with a budget for 2011 that included some controversial issues. The board proposed to change the manner in which we have historically funded the golf course by instituting a "Pay for Play" requirement for residents after a certain number of free rounds. A number of members objected, in part, on the basis that the Declaration did not authorize the Association to charge for use of the Ranch recreational facilities. The Association's legal counsel advised the board that the Declaration did not authorize the Association to charge members for use of the recreational amenities – including fishing, storage or horse boarding. The board considered the implications of this advice at each of its following meetings, commencing with a special meeting in January at the 3rd Street Center.

The Board surveyed the members of the Association to determine their views on how the Ranch should fund the operation and maintenance of its recreational amenities. It considered whether the Association could or should, before the existing loan for the 2006

stream improvements is paid off, change the existing fishing badge system. It was determined that it could not.

The Board was also advised by legal counsel that it had some flexibility in how the terms “Owner” and “Guest” in the Declaration should be interpreted. In consideration of that advice, the Board asked several of the advisory committees and the Ranch community as a whole to comment on these terms should be defined... The resulting dialogue provided valuable input that will be extremely useful to the Board in the coming months as it deals with considers how these terms should be clarified and better defined.

President Schlauch advised the board had also set five priorities moving into 2011.

- Budget – the board strived to establish a comprehensive and accurate budget that was able to be administered by Ranch staff. This was accomplished thanks to the hard work of Dennis Reynolds, Steve Coley and Michelle Wiley.
- Create a plan for Open Space utilizing the funds received from the fire settlement, Mitigation of Hwy 82 Noise and updating and improving the entrance to the Ranch. The Open Space Advisory Committee was formed to oversee all of the above.
- Revision of the Ranch’s Articles of Incorporation and By-laws: This was accomplished and the Ranch is now in compliance with CO Law.
- Condominium Improvements – The Condo Advisory Committee has been working with Steve Coley to create plans and checks/balances to prevent and fix frozen pipes – John Hermon and the rest of the CAC continue to work on long term solutions to issues that affect the condos.
- Ranch Infrastructure – the board had goals to address concerns of road, water and sewer – creating a plan for repair, recommendation to the member’s and a way to fund this. While this is an important topic, the board did not get to this item this year.

Paul introduced Steve Coley, Ranch Manager, thanking and acknowledging his quick work in familiarizing himself with the Ranch and its infrastructure. Christy, Dennis and Chris were thanked for serving on the board. Dan, Gwen and Vanessa were thanked for filling open spots and all Advisory Committees were thanked for helping build a sense of community.

All were asked to be respectful of others opinions and how disagreements are messaged during this time of change on the Ranch. President Schlauch stated his opinion that the membership was not going to agree on issues that confront it, and that differing opinions were certainly to be expected, but being disrespectful is not okay – i.e. ripping down signs posted by the Ranch staff. He also requested that in the future all members interested in any particular issue should make a real effort to understand the facts on the issue in which they were interested. He suggested that the membership contact a member of the board to confirm exactly what the situation was before making their minds up.

President Schlauch thanked the membership allowing him to serve as its president the past year. He advised he greatly enjoyed it and hoped that in the end he had helped move things forward a bit.

TREASURERS REPORT - Dennis Reynolds

2010 Audit is in process – look for board approval on this at the September/October Meeting.

Financial Information: All received a 1 page sheet with a brief breakdown

- Special Assessment
 - Storage Yard, Equestrian Fees and Golf Charges were all income that was budgeted for in the 2011 budget but not realized due to the revision of the understanding of the requirements of the declaration.
 - Bad Debt/Legal. The Ranch has had two houses and one condo foreclosed so far this year. There are also two condos coming up for foreclosure and two more houses that may or may not be sold at foreclosure sale this year. These foreclosures have resulted in a loss of income from the dues the Ranch management budgeted and expected to receive from these properties. Colorado law provides a super lien which requires a foreclosing mortgage company to pay six months of the regular assessments that have not been paid on the foreclosed unit. Unfortunately, it takes longer than that to foreclose a mortgage and it takes additional time to get the mortgage company to pay what they are required to by law. As a rule, the HOA is owed more than it can collect from the mortgage company and it is difficult to collect those additional, unpaid sums from the foreclosed member. Ranch management will address this issue in the coming year.
- Reserve Fund
 - Bailey Fund – \$1,100,000.00 is currently showing as the book value of balance in the fund. A part of that balance is made up of the receivable from the association for the loan the fund made to the association to finance the domestic water improvements in the amount of \$452,467. Actual cash in the fund is \$671,863.
 - Condo Reserve account: Mr. Reynolds advised the amount reflected in the financials is subject to off-set for losses sustained in the operation of the condos (broken pipes and the damage caused, etc.). He speculated that, going forward, these costs' could possibly be offset with reserves, while leaving \$40,000/50,000 in the account.
- Dues Paid
 - A percentage of the dues paid go to reserves, capital improvements and repair of damage that occurs from time to time at the Ranch. Mr. Reynolds advised this money is not considered taxable income if it is only used for improvements.
 - The remaining portion of the assessments collected must be utilized for operations or it could be subject to corporate income tax.

- Golf – Golf revenue is currently down \$23,000 compared to 2010 at this time. April/May was too wet to golf and June was down in general due to the economy.

President Schlauch then opened the meeting to questions from the membership.

- Q. Peter Breitenstein asked how to access the finances on the website?
 A. www.ranchatroaringfork.com > documents tab > for HOA Budget documents
 Username: hoa-docs
 Password: gazebo
 The new website format that the board will be working on this fall will help ease use of the site.
- Q. Mike Gerber stated he would like all financials included in the packet sent to all members one month prior to the annual meeting. He also wants clarification that the loan from the Bailey fund labeled as WWTP was for domestic water, and the two shouldn't be mixed together. It should be grouped with the money we should be getting from our neighbors to the north for tap fees.
- A. The reason the financials weren't printed is the Ranch is trying to go green and have the website utilized more. The board realizes the current website isn't very user friendly and will look to address this concern. The way the money is accounted for in the Bailey fund can change.
- Q. Franklin Hallowell questioned the allocation of the expenses charged to the storage cost center. He stated he would like to see where the \$10,000 was spent in maintenance for that area.
- A. The overhead of operating is assigned to a cost center – and storage/horses get a percentage of that overhead cost. The loss to storage income was the entire amount budgeted for 2011 as no revenue was collected. A partial collection for horses was made at a reduced rate to pay for hay/feeding.

ELECTION RESULTS – Vanessa Anthes

Vanessa announced that John McDermott and John Connell were elected to the board.

MANAGERS REPORT – Steve Coley

2011 has been a reactive year so far. The success of the Ranch operations group has been due to the hard work of the Ranch staff making do with the limited resources that are available to it. Steve recognized that staff - Rick Carsten, Gustavo Amador and Guadalupe, praising their success to the leadership style of Rick. He advised have been zero injuries this year and it's all been related to leadership. Michelle Willey was also recognized for being attentive and thorough in her office duties.

Steve advised that he was working on future infrastructure issues – beginning discussions with contractors regarding cost, timelines and long-term planning.

He also stated that the Ranch committees have helped enable him to move beyond reaction mode. He very much appreciated the assistance he was receiving from the members active in those groups.

HIGHWAY 82 MITIGATION PLAN/USE OF BAILEY FUNDS – Christie Jensen

Christie had layout plans that were presented to the members. The plan gave an overview of the landscaping effort that would help mitigate visual impacts from the highway with some sound reduction. It was stressed that this would be a visual project – a sound barrier is not an option and has been exhausted as a possibility.

Surrey street/golf course perimeter would have shade trees and large shrubs/trees that wouldn't interfere with electrical lines/easement. Lot 13 and the berm on the Ranch Creek lots would be fixed and have shade trees added. Evergreens would be added in the fairways and in front of homes on stagecoach lane.

It is recommended that financing of this project come from the Bailey fund with the remaining money released for water, road or sewer infrastructure needs. The approval of this plan will need a yes vote of 67% of all members.

- Q. Rodger **(Last name??)** Would like the Ranch to look into updating the irrigation system to the golf course prior to the project's completion.
- A. The plan does include 105k for irrigation.
- Q. Jan Kosglow noted that the poplar trees have a short life span and that are nearing the end of theirs. She would like money set aside for the cost to take poplars down when they fall naturally.
- Q. John Tindall asked if the Ranch has been in communication with RFTA regarding the BART system. Tindall stated that Hwy 82 will be increasing lanes by one lane on each side of 82 in 2014/15. Discussion was had on this topic and Christie stated that she would look into this and contact RFTA for discussions.
- Q. Polly Tucker stated that she worked on the original noise committee and that if a project is proposed that negatively impacts a community CDOT is required to do a noise study. If the results of that study are found to reach a specified limit then CDOT and the entity responsible for the project have to pay for a plan to fix the problem.
- Q. Jerry Katz stated that he supports the plan Christie presented and that it increases the overall 'curb appeal' of the Ranch which benefits all members. He expressed his opinion that the membership needs to free up the Bailey money to be used for this project along with infrastructure costs or the money is useless.
- A. Chris Coyle responded stating that in order to free up the Bailey fund a yes vote by 67% all members will be required.

HIGHWAY ENTRANCE PLAN – Christie Jensen

Christie presented the proposed plan for the entrance. She advised an anonymous donor has offered to donate \$40,000 towards this project. Anyone with questions, suggestions or criticism was asked to contact Christie directly.

POSSIBLE AMENDMENT TO THE DECLARATION – Gwen Ballard

Gwen discussed the history behind the proposed change to the Declaration and how the Ranch membership got to where it currently is on the issue of payment for the use of the Common Elements. She discussed the survey that was sent to all members and was posted on the website for all to review. She said the Ranch was originally established as a ‘summer camp’ for adults – everyone could use all of the Common Elements without being charged any additional fees. However, over time, the various constituencies at the Ranch wanted to change/ upgrade their favored amenity. This desire led to these groups agreeing, with the board’s approval, to the Ranch’s charging them a fee in addition to their regular assessments to fund these improvements. . At the time these charges were commenced, no change was made to the Declarations to reflect this evolution in the Ranch’s conduct of its business.

On a split board vote, Gwen advised, the board is now recommending the revitalization of the user pays system, excluding use of the golf course. She related that TomVail has stated that fifty percent of owners picked up golf passes in 2010. Last year, all members were charged \$17.00 per month for the maintenance and upkeep of the course. Gwen commented that the financials, in her opinion, don’t show a true picture of the profit/loss for the course, citing a charge for workers comp insurance that is not an expense of its operation

The membership was advised there has been an ongoing discussion regarding paying off the fishing loan using Bailey funds. Currently all members pay \$10 per month toward the loan and the badge fees pay the remaining balance. With pay to play, the FWAC would need to determine how much to charge for fishing badges after the loan has been paid off.

Q. Peter Breitenstein asked the future board to look at the need for more of a financial oversight committee to assist in the budgeting and financial challenges that the Ranch is facing. This committee could possibly consist of a member of the community, last year’s treasurer, the new treasurer, the Ranch manager and the Ranch accountant.

The meeting was concluded and a motion was made and seconded to adjourn at 12:15 P.M. It passed unanimously.

Vanessa Anthes
Secretary – August 13, 2011