

Minutes
of the
Special Meeting of the Board of Directors
Ranch at Roaring Fork Homeowners Association January 25, 2011
3rd Street Center, Carbondale, CO

Board members present: Paul Schlauch, Christie Jensen, Chris Coyle, Dennis Reynolds
Ranch staff present: Steve Coley, Rick Carsten, Gustavo Amador
Homeowners present: Chris Rowberry, Jan and Jim Kosglow, Jeff and Julie Ross, Nancy Nelson, DeeDee O'Brien, Marcy Kneiper, Kelly Cole, Gwen Ballard, Mike Mortell, Tom Neel, Mike Gerber, Mike Fordyce, Joanne Nevilas, Martin Stites, Nancy and Tom Vail, Gary and Catherine Gros, Richard Sierzant, Franklin Hallowell, Mike and Debbie Romanus, Tammy Perry, Chris Chacos, Rod Hahn, Annie Worley, Mary and Dan Ellis.

Julie Ross addressed the group informally and expressed gratitude to the Board and owners, and asked that discussions proceed with respect for the Board, the property and each other.

Annie Worley thanked the community for the kindnesses shown to her, and to Paul Schlauch for asking for her permission to release Willie from the Board.

Schlauch asked the group for volunteers to fill the 2 vacancies on the Board, and expressed that there needed to be better representation from full-time residents.

Schlauch stated that throughout the process of responding to the advice of the Association's counsel concerning the funding of certain activities the Board wanted to move very cautiously, thoughtfully, and with full transparency. He said the Board will afford every owner ample opportunity to understand what the issues facing the Ranch are and what alternatives are available and to comment on any proposed action by the Board.

Schlauch also disclosed that he was one of the lenders to the Ranch in connection with the 2006 stream construction project, and would abstain from voting on any motion regarding payment or modification of the debt. Prior to calling the meeting to order, Schlauch expressed that he hoped that the proceedings would not distract the Board and homeowners from tackling the major opportunities and challenges facing the Ranch community.

Board meeting called to order at 7:19 pm.

Schlauch said that there was only 1 item on the agenda, which was consideration of the January 10, 2011 opinion from the law firm of HindmanSanchez, a copy of which had been previously distributed to all members of the Association.

Coyle stated that if the Board chose not to follow the advice of counsel, and did not follow the Declarations that they would be open to a lawsuit, which would most likely not be covered by D & O insurance. He also stated that this would not be a prudent course of action. An amendment to the Declaration may be needed, to conform to the current practices of the Association.

Jensen said that she anticipated that fishing badge fees would remain in place until such time as the loan was paid, and that the community should come to a decision whether different aspects of the Ranch would have some user fees. Jensen stated that our HOA dues serve as our property taxes. To pay additionally for recreational use of our open space on top of our dues is a detriment to real estate values.

Reynolds stated that he had no preconceived notions as whether there should be user fees, and perhaps a document review is in store, but questioned as to how the Ranch can do business in the interim.

Schlauch said that whether there are user fees or not would depend on the community. He acknowledged that the members present at the meeting may not be representative of the entire community, but asked by a show of hands of those who supported “user pays” approach (except for golf) (10) and those who supported a plan where “everybody pays” (3). The majority of the members present did not express a preference.

Schlauch then opened up the meeting for comment by Association members that had registered to speak.

Franklin Hallowell said that he had reviewed the budget, and that in his opinion the RV lot did not cost \$11,000 to administer, and that as the budget is currently constructed, user fees go into the general fund and are hard to pull out for expenditures in each of the use areas. He also said that the golf course has always been subsidized, but never with user fees. He said when he had served on the Board, each of the cost centers had their own checking account, and the fees were in line with the costs and were easier to account for.

Jan Kosglow that her interpretation was that you could have user fees if not a common element – if you were protecting or utilizing the common elements for your private property, such as items in the RV lot or horses.

Mike Romanus said that he thought that the attorney's response to his question misinterpreted the Declaration.

Joanne Nevilas said that she thought that one way to raise income was to open up the fishing to the public via a lottery system to allow a few more fishermen that would pay to fish at the ranch. She said that there is a lot of space, and that she doesn't see many users.\

Gwen Ballard stated that fishing badges arose because that fishing community wanted to spend more than the Board of Directors had approved, and that her interpretation of the Declarations is that any specific fee must be voted on by the users. She also mentioned that according to Section 6.9 (g), a storage compound is to be maintained by the Association, and that there should be a cost center for each component of the Common Elements.

Chris Chacos said that he had an idea for a community fundraising event including a BBQ, golf contest, fishing contest, bake sale, pony rides and bake sale. He said that if we were to move toward this sort of an idea that there would have to be a good event planning.

Tom Neel commended the Board for using Hindman/Sanchez since they were the top legal firm in the HOA area, and agrees that the Declaration and governing documents are often conflicting and that the Ranch needs a clear opinion and that the Board must follow that opinion.

Mike Gerber said that any decision by the Board can have unintended consequences such as for example any capital expenditure over \$10,000 would have to go to a vote of the community which would prevent the Board from functioning correctly. He also said that the definition of a member needs clarification and that in his opinion a golf user fee would cause the failure of the golf course.

Jensen responded to Mike Gerber regarding the clarification of membership. Jensen said that she asked David Firmin of Hindman/Sanchez how we might better define membership. Firmin said that the association can authorize to make reasonable rules and regulation to interpret vague provision of the Declaration.

Schlauch closed the public comment portion of the meeting. He said that the Board would continue the dialogue with the various advisory committees and interested Association members. He then asked if the Board would like to provide comments or take action.

Coyle said that no one should be concerned about the viability of the golf course, since there is a \$200,000 per year contract for the management and maintenance of that facility, as well as maintaining open space around the condos. He also spoke to the definition of the Common Elements and provided a recorded plat outlining said Elements, under which are included horse riding trails. He saw that capital improvement voting by the Association for expenditures over \$10,000 as a big problem, and that he didn't want anyone in the community to think that the

Board was going to jam through a solution. Coyle also stated that by default, that any part of the ranch that was not a home or condo parcel was part of the Common Elements.

Jensen stated that she sensed animosity among the community, but saw that the resolution of this issue as a good thing, and that it would provide a clearer sense of direction.

Reynolds said that our current Declaration was overridden by Colorado SB 100 and SB89 and that this alone would trigger a document review, potentially at a cost of \$30,000 to \$60,000. He also said that in the process, the Ranch would have to address the insurance requirements of the condo owners, and that the costs attributed to the Condo open space maintenance should be part of the Ranch Common Elements according to his reading of the Declaration. He also said that there should be a fee for using the RV lot, and that the fishing notes need to be covered by the fishing badge sales of \$54,000 per year.

Schlauch said that the Ranch needed a geographic definition of the Common Recreational Reserve, and that there should be an original plat from the first development filing on file with Garfield County to define this. He also stated that he would look to the Horse Committee and Fishing Advisory Committee for proposals for fee structures, as well as review the fees for the RV lot. Schlauch also stated that there would need to be a special assessment, but nobody knew at this point what the amount would be.

Coyle moved to accept the January 10, 2011 opinion of counsel, HindmanSanchez, as the general basis for further actions by the Association, seconded by Jensen. Schlauch abstained. Approved Unanimously by Coyle, Jensen and Reynolds.

Coyle moved to adjourn, seconded by Reynolds. Approved Unanimously. The Board meeting was adjourned at 8:45 pm.