

Owl Creek Ranch Homeowners Association

Larry Marx, President

Tom Sando, Vice-president
Gary Beach, Manager

Nikos Hecht, Treasurer

Record of Proceedings Board of Directors Meeting January 10, 2012

Held: At 0600 Owl Creek Ranch Road

Call to Order: The meeting was called to order by President Larry Marx at 10:07 a.m. and a quorum of Directors was present

Attending: Larry Marx, President
Tom Sand, Vice-President
Nikos Hecht, Secretary~Treasurer
Gary Beach, Association Manager
Rhonda Bazil, Attorney

Approval of Minutes
from June 17, 2011 Upon a motion made by Dir. Sando and seconded by Dir. Hecht, the minutes from the June 17, 2011 Board of Directors meeting were approved by unanimous voice vote.

Discussion of
Lot 11 Purchase

Rhonda Bazil introduced this agenda item and reviewed the proposal being made by Jim Gordon to purchase Lot 11, which is adjacent to his Lot 3, and to make certain improvements to Lot 11. Although the Board had previously discussed removing Lot 11 from the Owl Creek Ranch (OCR) subdivision, it was determined that due to the small size of Lot 11, the lot could not be legally subdivided from the OCR subdivision.

After a lengthy discussion, it was agreed that Lot 11 must remain in the subdivision, but would be re-characterized as a "non-member lot" of the Association, and therefore would pay no dues or assessments, and would not be entitled to the same benefits as a full dues-paying association member.

Further, it was decided that the Association would support Mr. Gordon's proposal to purchase Lot 11, tear-down the existing Affordable Housing Cabin, and stabilize the historic house on Lot 11 within two years. It was understood by the Board that renovating the existing historic structure would allow Mr. Gordon to build a new home on Lot 11 at a size of up to 5,750 square feet.

A general discussion was held on landscaping that should be installed on Lot 11 to screen the new improvements from the view plane of the Kennedy's on Lot 4. The Board will encourage Mr. Gordon to address Ms. Kennedy's concerns. Mr. Beach agreed that 10,000 square feet of landscaping could be irrigated from the District's water system, but landscaping beyond that would need to be supported by water from another source.

Motion Upon motion made by Dir. Sando and seconded by Dir. Hecht, the Gordon Proposal was approved by unanimous vote with the conditions described above.

Reyes Entrance Gate Request Rhonda Bazil advised the Board that she had just received a request from Jude Reyes, Lot 1, to install a gate across the drive way access to their property. After a lengthy discussion, it was determined the gate was acceptable if it is located around the corner toward the Reyes residence, in such a manner that it would not be seen from Owl Creek Ranch Road.

Motion A motion was made by Dir. Hecht and seconded by Dir. Sando to approve the gate with the proviso that it be located closer to the house and around the first turn in the driveway. The motion carried by unanimous voice vote.

Discussion of Water Right Issues Rhonda Bazil provided the Board with a detailed update of activities involved in the filing and prosecution of the water rights diligence case, which includes all of OCR's pond rights. Also discussed was the status of the pending case on the OCR wells, the Snook's interest in wells, structures and water rights, the reimbursement by Reyes of pumping costs, the termination of the water rights agreement with East Owl Creek Ranch, Airport Ranch water rights, and shared rights in OCR's irrigation system.

The Board directed management to send a letter to members clarifying the superior use of water for irrigation and a secondary use of water for pond level maintenance. From a practical perspective it was recognized that water run-off begins earlier than the growing season and normally ponds are filled before irrigation water is needed.

Additional discussion was held on the rights of the Lot 10 owner to take 18 acre feet of water to fill that pond and Rhonda suggested that the owner should look into a junior water right filing for the 8 acre feet beyond the decreed amount.

Discussion of Miscellaneous Legal Matters Mr. Beach provided the Board with an update regarding a recent meeting he had with Gary Tennenbaum of Pitkin County Open Space and Trails and Scott Gordon, Open Space and Trails Board Member. The Open Space and Trails Board is requesting access easement(s) across OCR for hikers, equestrians and mountain bikers. He described what the Trails Board seeks from OCR and suggested that it would be Mr. Bell's decision on whether or not to grant an easement over his property.

This led to a discussion on the use of ranch lands by non-owners and then to a general discussion of access to the Droste lands.

A brief discussion was held on revising the Association's covenants to eliminate out-of-date restrictions, and more. Following this discussion Rhonda Bazil left the meeting.

Executive Session It was decided that no executive session was required at this meeting.

Approval of Budget
for 2012

Mr. Beach described the work that has been done by Beach Resource Management since being retained in October 2011. This included time spent with Chuck Vidal, Rhonda Bazil and Jim Snyder. It also included staff time to organize and classify all costs for 2011, review of the 2011 budget compared to actuals and the creation of a new budget for 2012. Where the 2011 budget included 11 line items totaling \$421,000, the 2012 proposed budget includes 33 line items totaling \$380,000. Assessments are being reduced from \$386,000 to \$380,000 and amounts not spent in 2011 are being carried over into 2012 to reduce assessments.

One significant change to the Budget concerns the Ranch Operations line item. This single line item, which was \$250,000 for 2011, has been separated into numerous individual line items for 2012 to better control ranch operating expenses. Dir. Marx asked about the reduction in assessments and Mr. Beach responded that with only three months of oversight to ranch operations the reduction in fees may need to be re-addressed if expenses exceed revenues. One benefit however is the projected carry-forward from 2011 into 2012.

Mr. Beach then went through the proposed budget on a line by line basis and answered questions posed by the Board. Because the Ranch Manager did not make it to the meeting, the Mr. Beach suggested that the Board delay a final decision on the Budget until capital projects and equipment purchases could be discussed with the Ranch Manager.

The Board asked Mr. Beach to briefly describe the compensation paid to the ranch manager. He provided actual costs on salary, annual bonus, and payroll taxes, an estimate of housing, utilities and vehicle allowances, health insurance costs, and free horse boarding value. The Board asked the manager to research these costs to determine if they are customary within the market. The Board also agree that first quarter assessments should proceed on the basis of the reduced assessment proposal.

Ratify Resolution
2011-1 regarding
IRS Ruling 70-604

The Board reviewed the resolution proposed by Mr. Beach whereby any surplus assessment revenue would be carried-forward in 2012 to offset ranch operating costs, thereby allowing assessments to be reduced. Dir. Marx moved to approve the resolution, Dir. Sando seconded the motion and it passed by unanimous voice vote.

Nomination of
Officers

Dir. Hecht made a motion to elect the current directors to the same positions now held. Dir. Sando seconded the motion and it passed by unanimous voice vote. Dir. Marx will remain as President and Chairman of the Board, Dir. Sando will remain as Vice-president, and Dir. Hecht will remain as Treasurer and Secretary of the Board.

Next Meeting

Due to the current press of Association business, it was determined that the next meeting of the Board will be held at 10:00 a.m. on February 6, 2012 at Dir. Marx's home at 1885 Owl Creek Road.

Adjournment

There being no further business to come before the Board, the meeting was declared adjourned at 12:36 p.m.

I certify that the above minutes reflect a true and accurate account of the business and decisions undertaken and completed at the above-described meeting of the Board of Directors of the Owl Creek Ranch Homeowners Association.

Date: _____

By _____

Gary L. Beach
Manager

DRAFT