

**MINUTES OF MEETING
RED MOUNTAIN RANCH OF GUNNISON COUNTY
ASSOCIATION, INC.
August 2, 2004**

A meeting of the homeowners of Red Mountain Ranch of Gunnison County Association, Inc was held on Monday, August 2, 2004 at 5:30p.m., pursuant to proper notice, in the conference room at the Nordic Inn, Mt Crested Butte.

The meeting was called to order at 5:30 p.m.

ROLL CALL

Present in person:

| | |
|--------------------------------|--|
| Mike Watts | Lots 1 and 2 |
| Bob Huckins | Lot 4 |
| Rocky Kimball | Lots 12 and 19 |
| David & Rhonda McCay | Lots 15, 24 & Lots 1 & 2, Red Mountain Estates |
| David and Joan Clark | Lot 17 |
| John and Allison Geist | Lot 23 |
| Bill Lacy for Lacy and Dow LLC | Lots 26, 36 and 39 |
| Rollin Polonitza | Lot 29 |
| Bob & Ann Simmons | Lot 30 |
| Jay Moses | Lot 42 |
| Don Mancini | Lot 50 |
| Wyatt & Allison Beard | Miscellaneous Parcel A |
| Bette Williams | Miscellaneous Parcel C |
| Gordon & Angela Reeves | Toad Property Management |
| Rod Landwehr | Association Attorney |
| Tad Puckett | Representative for Lots 51 and 52 (Clarke/Peavy) |

Present by proxy to Bill Lacy:

| | |
|-------------------------|----------------|
| Joe & Becky Williams | Lot 9 |
| Jeff Hermanson | Lots 13 and 46 |
| Hassan Najafi | Lot 18 |
| Ron & Donna Seufferling | Lot 20 |
| Bryan & JoAnn Burnett | Lot 25 |
| Daniel & Joan Dow | Lot 27 |
| David Dow | Lot 28 |
| Clarke/Peavy Interests | Lots 51 and 52 |

Present by proxy to Don Mancini

| | |
|---------------------------|----------------|
| John and Marsha Soucheray | Lot 37 |
| Last Mountain Resort LLC | Misc. Parcel D |

Present by proxy to Bob Huckins

| | |
|-------------|-------|
| Norman Urmy | Lot 5 |
|-------------|-------|

A quorum was declared present.

PROOF OF NOTICE OF MEETING

Notice of Meeting was mailed June 17, 2004, 45 days prior to the meeting.

APPROVAL OF MINUTES OF 12/18/03 MEETING

The Minutes of the December 18, 2003 members meeting were mailed on June 17, 2004 and unanimously approved as distributed.

MANAGERS' REPORT

Financial Report

Angela explained that balance sheets for 2003 had been prepared by Doug Gorman, CPA and distributed with the meeting documents. She said that a breakdown of how the Association stood at June 16, 2004, approximately half way through the year, was also included. She said that showed a total expense figure of \$45,625 and as of today that had increased to \$54,045 which was within budget despite additional unbudgeted expenses such as fencing.

Angela said there had been substantial increases in the price of magnesium chloride this year. She said the first application had been filed in the spring and a second application would be applied in the fall but only on an as needed basis. Some lesser traveled roads would not receive a second application. She said some road maintenance had also been done in the spring but despite increased costs she expected the road maintenance and dust retardant line items to finish within budget. She said that snow plowing was also well within budget.

Angela explained that Red Mountain expenses continue to run higher than its income and if several large capital improvement projects happened in 2004 the capital reserve would be depleted and a small dues increase would be necessary. She said the Board would have a better understanding of the situation by October but that a dues increase of approximately \$150 per lot, per year, was possible.

Home Building Status

Angela said the Board had approved four new construction projects in the first half of 2004 and that seventeen homes were now completed. She said that five lots had sold in the first half of 2004.

Perimeter Fence/Cattle

Angela explained that grazing had been discussed at length at the last owner's meeting and the Board had reviewed different options. However, they had been unable to reach a solution that would allow the cattle to continue to graze on Red Mountain Ranch but also protect the existing homes and the grazing lease with Spann Ranches had been cancelled.

She said that with the cancellation of the grazing lease it was the responsibility of the Association to maintain portions of the perimeter fence. Angela explained that a 1996 agreement with Spann Ranches detailed which parts of the fence were the Association's responsibility and which area was Spann responsibility. Angela said the Board had reviewed three bids for repairing or rebuilding the perimeter fence and the contract had been awarded to Montrose Fence. She said they had repaired the fence for \$4,766 which was an excellent price as the fence was in an extremely bad condition in several areas. She said Montrose Fence were very cooperative and worked well with both the Association and the Spanns and the Board had already received a price from Montrose Fence to rebuild large portions of the fence next year. She said that cost could be between \$12,000 and \$15,000 but the actual figure would not be known until the spring and it was not clear at this time if all the work would be necessary in year one or if it could be staggered over several years.

Dumpster Location

Angela explained that after months of discussions regarding the purchase from Kap Fitzgerald of land at the front entrance things had stalled, although hopefully that was just temporary. She said the Board and Kap had failed to agree on the actual land that would be acceptable to both. The Board wanted an area of land that would be large enough to build an attractive dumpster location and have substantial landscaping on both sides of the Red Mountain Ranch Road. She said that Board was very aware that this would be an important improvement for the Association and wanted to continue discussions.

Phase 2A – 5 additional lots

Angela explained that at the last meeting it had been confirmed that Kap had the right to bring in additional land to Red Mountain Ranch. However, after months of discussion and a lot of research the Board was not much closer to getting this resolved. She said issues that needed resolving included confirming there was sufficient land under the 1996 agreement to divide into 5 lots, to have building envelopes acceptable to the immediate neighbors and the Board and for Kap to reach a financial agreement with the owners of Miscellaneous Parcels C and D for use of a portion of Oversteeg Gulch Road. Until all of these issues were adequately resolved it was not possible to move forward.

Fifth Amendment to the Covenants

Angela explained that 15 "yes" votes had been received for the amendment to remove the notary provision from the covenants for changes such as building envelope adjustments. She said that 43 "yes" votes were needed for this amendment to be approved. She said she had additional forms and was a notary and encourage owners to submit their forms before leaving the meeting.

Devane Clarke Amendment

Angela said an amendment to Lots 51 and 52 had been circulated recently. She said that Tad Puckett was present at the meeting to explain the requested change and answer any questions. She again said she had additional forms and would be happy to notarize them.

Angela asked for comments and questions on the above. Rocky Kimball expressed his thanks to the Board and Gordon and Angela for their work during the year. He said that the twice yearly meetings were an excellent opportunity for people to promote their amendments and a wonderful opportunity to get the amendments signed. Owners would have their questions or concerns answered and feel comfortable signing the document. He said that the practice of calling owners to chase up their vote for these changes made it too personal and resulted in neighbors feeling uncomfortable. He asked for the "lobbying" to stop.

David McCay said the requirement of a notary put an obstacle in the way of people signing. He said that with busy lives owners could not always get to a notary when they first received the document. If it got left for a few days it was easy to then forget about it.

Bob Simmons said that there should have been a mention in the amendment that the Board would have to approve something before it was sent to owners. Gordon said that a majority of the Board had approved the amendment but Bill Lacy had not approved it and had sent a personal letter to owners explaining his reasons. Bette Williams said it was confusing to receive the document from the Board and then the letter from Bill.

Bill Lacy explained that he and Daniel Dow had spent a couple of years reviewing potential building envelopes in all seasons to come up with the locations. Their attorney, David Leinsdorf, had persuaded them to allow some changes and Bill acknowledged that there had been several cases where an adjustment had to be made. However, he said they wanted people to have to think very carefully about these changes and only proceed when they were certain it was the best option.

Bill said there was no deadline set for when responses had to be received. However, he pointed out that after one week nearly 20 responses had been received in favor of Devane Clarke's lot adjustment. He said that if owners viewed the amendment as a good change, those owners would respond promptly and the 67% would be obtained.

Don Mancini said the building envelope adjustments were personal and affected just the owner and the immediate neighbors. However, he said the fifth amendment was amending the Covenants for every owner in Red Mountain Ranch. He said that in his opinion the Board should be able to issue variances and approve building envelope adjustments after obtaining approval from the immediate neighbors. Mike Watts said that had been talked about but it was felt that the decision should be left to owners as the Association Board would change over the years and different directions or opinions would be taken. Jay Moses suggested that changes that would affect more than 50% of owners should require a notary but smaller changes would not require that.

Angela said the Board would discuss the fifth amendment at their next meeting.

David McCay asked if a less damaging alternative to magnesium chloride had been reviewed. Bill said most subdivisions and the County used the same magnesium chloride solution as other solutions were considerably more expensive. Angela agreed that the Managers would research other options available. Rhonda McCay expressed concern that a couple of corners were continually disintegrating after maintenance and David McCay asked if paving of those corners had ever been considered. Angela said it had not based on the high cost of paving the small area at the front entrance.

In connection with the Phase 2A proposal, Bette Williams asked that the Board seriously look at the original vision and open space of Red Mountain Ranch. She said the current proposal would seriously impact the owners of Miscellaneous Parcels A, B, C and D. Gordon explained that Jim Sell had done some work in 1996 on those new lots but did not approve the building envelopes in their presently proposed location. He said the Board had instructed Rod to go back to Kap's attorney and raise their concerns and stressed the Board did not want to approve something that did not have the support of the owners of the miscellaneous parcels. Bette Williams said that at the time individual owners paid for portions of the Oversteeg Gulch road Kap had been definite that her portion was just one lot and that as owners had paid for both the road and utilities Kap would have to pay her share to those owners if additional lots were to be included.

Tad Puckett explained that an adjustment to boundaries was necessary for Lots 51 and 52 as the building envelope for Lot 52 had been located at the top of the slope to maximize views. He explained these envelopes had been selected by the owners and were not part of the original Jim Sell design. Unfortunately, since the road had been put in and homes built it had become apparent that a home in that location would not be acceptable to the immediate neighbors or potential buyers for the lots. In order to adjust the building envelope of Lot 52 the boundary had to be adjusted for both lots 51 and 52. However, Tad stressed that the building envelope of Lot 51 was not being adjusted. Tad explained there were potential buyers for both lots who were anxious for this amendment to be made but they would be willing to purchase the land with the existing building envelopes.

OFFICERS REPORT

Bill Lacy as President and Don Mancini as Vice President, Secretary and Treasurer had nothing more to add to the Managers' Report.

ELECTION OF DIRECTORS

Angela explained that Bill Lacy and Don Mancini were both willing to serve another term on the Board. She said Jeff Hermanson had recently purchased two lots on Red Mountain Ranch and had added his name to the ballot. She said Jeff had owned property and businesses in Crested Butte for a long time but now divided his time between Crested Butte and Denver.

After the voting was concluded Angela said that the new Board members were Bill Lacy and Jeff Hermanson.

UNFINISHED BUSINESS

Wildfire Hazard Mitigation

Joel Stuart of the Colorado State Forest Service gave a short presentation about wildfire mitigation. He distributed leaflets explaining defensible space and encouraged owners to contact him and arrange a site visit so he could give advice on specific properties. He stressed that he was not talking about clear cutting but the focus was on thinning trees, especially conifers which burnt considerably quicker than Aspens. Rocky Kimball and Don Mancini said they had been in contact with Abe Fischer of Fire Ready who also offered excellent advice regarding defensible space and tree thinning. Angela stressed that approval must be obtained from the Board prior to the cutting or removal of trees.

Joel said he would supply the Association with information regarding alternatives to magnesium chloride but said they were generally expensive as they were sap, not salt.

Joel said the State had some funds available to help owners protect their homes against fire. However, he stressed these funds were limited and that his main focus was homes close to subdivision entrances (which would benefit all owners) or assisting a group of neighbors so the biggest difference could be made with the money. He encouraged people to contact him or Brian Ayers at (970) 641-6852 for a site visit.

New Business

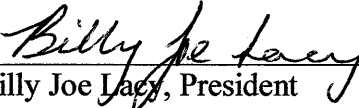
Bob Simmons thanked Tad Puckett for the professional way he had dealt with the proposed amendments to Lots 51 and 52.

Angela and those present thanked Don Mancini for his two year term on the Board.

Date of Next Meeting

Angela said the date of the next meeting had been provisionally set for December 15, 2004. However, it was possible that this date would be changed.

Rhonda McCay made a motion to adjourn. Bob Huckins seconded and it was unanimously approved.



Billy Joe Lacy, President