

Buckhorn Ranch

“To appreciate where we are it is important to know where we have been”

Buckhorn Ranch is a private community featuring 360-degree views of the surrounding mountains and the Upper East River valley. We all agree that Buckhorn Ranch is a beautiful place to live, to build a new home or to make an investment. The Ranch had a history of challenges which will be chronicled below. However, over the past five years, there have been significant developments for the betterment of Buckhorn Ranch which have enhanced the value and attractiveness to the benefit of all owners:

1. The developer filed bankruptcy in 2014 which triggered the process of ownership transfer to the Bank then to the Patten Company and now to individual owners; BRA is owner owned and owner controlled!
2. The above action allowed the current board of directors to finally have the ability to make the necessary changes to the HOA for the betterment and protection of all owners including:
 - a. Revising all HOA documents to be CO law compliant and to adapt the Declarations and By-Laws and to incorporate policies, rules and regulations to the benefit of the collective owners of BRA
 - b. Purchasing the Water Company assets and thus gain control of our water for the HOA
 - c. Transference of the Runway to the HOA such that the runway could now be managed professionally and enhance the safety of the runway to be in compliance with FAA standards
 - d. Create fiscal strength for the HOA. The HOA has moved from operating “hand to mouth” to being in a position of always having 1-year operating expenses in the operating account while building reserves. And, to the benefit of the owners invest the required amount of money to maintain roads with sufficient plowing, repairs until paving, professional management and other basic needs of the owners. We currently have \$189,000 in our operating account, \$70,000 in general reserves and \$232,000 in the road reserve account.
 - e. Initiated a Road Assessment project in 2017 which resulted in a well-developed plan to fund and pave the HOA in 2022 or even earlier

Thus, at a macro, the HOA is in excellent shape now which is a significant and sustainable transformation which began in 2014. This has been a team effort with the tremendous efforts from the Board, the owners and our core consultants. The story was not always so rosy so read on....

The Road to Success; A Brief History of How Far We Have Come

Buckhorn Ranch is a residential community that could have over 250 homes when fully built out, including multi-family residences. It's important to keep in mind that Buckhorn Ranch is made up of several distinct groups from full time residents, second home owners, investors, owners whose lots are adjacent to the runway, owners who have membership in Crested Butte AirPark, LLC for use of the runway, and owners who have the right to fish the East River by virtue of purchased memberships in the River Club. The present HOA Board is committed to representing the interests of all these groups and balancing this with a common objective which is to make Buckhorn Ranch an amazing place to live while continuing to increase and protect property values.

Buckhorn Ranch has been in the works since the late 1970's and received final plan approval from Gunnison County in April 2004 with the third and last filing, Filing 2B. The development had infrastructure and management issues from the start: freezing water main, poor drainage, lagging road maintenance, the leaking Roseland Lake etc.. There were issues related to the affordable housing area of the subdivision, Stallion Park that was resolved in a civil lawsuit filed in November 2006. The result of that suit, brought by one of the owners on behalf of the Association, established the "\$300K settlement fund" and the conveyance of a lot to the Association from the developer. Incidentally, that lot was sold and the proceeds thereof helped to purchase the water company assets in 2018, discussed below. The Association did not have a functional Board for years due to the developer's actions. On top of all of this, the Association was not financially healthy.

There were significant issues between the developer Brush Creek Airport, LLC, and its manager Richard Landy and the early investors who bought into Buckhorn. The HOA, speaking on behalf of the homeowners, were in a constant battle with the developer to get things done as promised and to elect a Board that represented the owners, rather than the developer. The developer was subject to litigation not only by owners and the Association, but also Gunnison County. Not all litigation is discussed in this document.

June 2008 - Buckhorn Ranch developer Brush Creek Airport, LLC, acting through its manager Richard Landy attempted to remove all members of the Buckhorn Ranch HOA board. The developer, as the majority lot owner in Buckhorn Ranch, maintained control over the HOA board, and attempted to insert a new board that would give him complete support and control. The developer and its manager, and other Landy family members were sued for this, and the outcome was favorable to the HOA. The developer attempted this again, in 2014, and the Association took action to retain control of its Board.

October 2009 - The Gunnison Board of County Commissioners (BOCC) voted to send a notice of default to Landy and inform him that his million-dollar security bond being held by the County could be in jeopardy if necessary improvements weren't made to the Buckhorn Ranch

subdivision, in keeping with the Development Improvement Agreements, entered into by the developer and the County.

As a community, we limped along for years with little progress due to continuing disputes with the developer who held a majority 90 plus votes and as such blocked our abilities to have a quorum of owners at the annual homeowners' meeting. Once the County required the developer to pave Filing 2b, the developer stopped paying dues on its lots, which crippled the Association financially, and prevented it from being a viable functioning entity. The developer argued that the road surfacing was an HOA expense. The County pulled the developers' performance bond to pay for the surfacing (chip and seal). The Association took legal action against the developer and prevailed. While the Board was under developer control, the annual owners' meetings during these years were combative, argumentative, and completely unproductive. Desperate times for sure.

April 2014; The New Beginning. The Developer filed chapter 11 in April 2014. The Association hired bankruptcy counsel to protect its position in respect to the dues owed by the developer on its lots.

After the 2014 annual owners meeting, the developer holds an illegal meeting and elects its own Board. The Association took action against the developer with respect to this illegal election and the unpaid dues. The Judge ruled that the surfacing of the roads in Filing 2B was a developer expense and that nonpayment of dues was not warranted. In addition, the Board at the time remains seated. The HOA and community begin to get some traction on the legal front.

The Settlement Committee (created as a result of the 2006 lawsuit) presents a preliminary sketch of a new front entrance that would be raised for better drainage, less snow load and easier plowing. Also presented was new street signage that has been installed throughout Buckhorn Ranch.

2015 – Real Progress being made. The lender petitions the bankruptcy court to lift the stay and foreclose on the developer's lots. The developer's lender forecloses on the developer's lots. The Association filed a motion to convert the bankruptcy from a Chapter 11 to Chapter 7, in which the bank joined. This brought all the assets owned by the developer, Brush Creek Airport LLC., as well as the membership interest in the Upper East River Water Company into the possession of the Chapter 7 Bankruptcy Trustee and can now be sold off in an attempt to satisfy the creditors of which there were many. At that point, the developer hadn't paid dues in over 5 years. The HOA has filed a proof claim against the bankruptcy estate based on the unpaid dues. It is through the bankruptcy matter that the HOA acquired both the runway and the assets of

the water company as discussed below. The HOA also takes legal action against the developer as described above.

The HOA Board expanded its membership to include Bob Silverman, Frank Woodruff, and Spencer Low. The Board members were five including, Morgan Weinberg and Sean Turner. The Board immediately begins working on three priorities: 1) fiscal stability and 2) increasing services to the Owners and 3) updating the breadth of HOA documents. Once the bank forecloses on the developer lots, William Clark joins the Board, as the bank's representative. The Board and the bank continue to work together to address bankruptcy matters. With a functional Board and the bank paying its dues on the 90 plus lots, the Association is able to start to recover and get business done.

The Board reviews and revises the Bylaws and Declaration, and adopts the Bylaws and receives owner approval for the Amended and Restated Declaration. The Board hires Toad Property Management as the Property manager.

2016 – A Transformative Year for Buckhorn Ranch. The financial health of the HOA is on strong footing, with an operating cash balance at \$21,000 net of loans and target to end 2016 with \$63,000 or close to our goal of having one-year operating cash on balance setting the stage to start building the road reserves in 2017 forward.

Building is on the rise in the development with 14 new homes as compared to zero in past 5 years. The Board recognizes that this surge of construction has put strains on the roads and management of the HOA. To address this, the Design Review Guidelines have been amended to add resources and put in more controls, the process now includes a professional architect to approve plans and final project approval, and there is an increase of activity to coordinate with builders. We increased spending on road repairs and plowing. We start working to clean up the development: The old log house and playset at the tennis court are removed. With the remaining Settlement committee monies, we initiated to study the feasibility of improving the pond area on South Avion Drive to become a more usable public space for the development.

On the legal front, the Chapter 7 Bankruptcy conveyed the “runway” to the HOA. No money changed hands on this transaction. Crested Butte Airpark LLC (AirPark) as formed to hold the runway, enact and enforce rules and regulations with respect to the use of the runway, secure insurance, assess dues, and manage the memberships. The LLC is managed by a Board, chaired by Spencer Low at the time, the driving force of the AirPark. Spencer was an accomplished pilot and runway lot owner. The Association is the sole member of this LLC. The relationship between the LLC and its member is governed by an Operating Agreement. In this capacity, the HOA Board is not responsible for the day-to-day operations of the AirPark, but has authority over big picture items for the LLC.

The Board seeks more involvement from owners. Communications have been open and frequent. We look to add two members, Jan Dijkstra and Jon Woodward to the Board to increase the hands on deck for getting things done. And, the DRC is also expanding as a requirement given the level of activity.

2017 – Humming along. Lawsuits are ongoing between the Bankruptcy Trustee and developer/debtor, and the Bank and the developer and the personal guarantors. The Amended and Restated Declaration passes with owner approval and replaces the 2001 Declaration and is now the Association’s governing document.

Great snow year and we blew out the snow budget by \$25K with everything else coming in as expected. We spent \$2000 on a Reserve Study and a vacant lot owned by the Association as a result of the 2006 lawsuit against the developer was sold for a net income of \$77,000. By the end of the year it was anticipated the Association would have approximately \$150,000 cash available. 2018’s budget would be consistent with 2017’s comprehensive budget and continuing to build up a reserve for future needs.

Morgan Weinberg, an outstanding leader and President of the Board, steps down and was thanked for his service on the Board. Frank Woodruff assumes the role. David Brennan, Jon Woodward and Grant Bremer were elected to the HOA board. The Crested Butte Airport LLC Board members were appointed for 1-year terms and they are: Spencer Low, Daren Truitt, William Clark and Eric Klemme.

2018 – The New Owners! A very positive year! The bulk of the “Bank” lots are sold to the Patten Group, which then marketed and sold their lots to individuals. Welcome to all the new owners.

In addition, the Board got its arms around the purchase of the Upper East River Water Company assets. The Trustee and the Board worked closely to agree upon terms and close on this deal. President Frank Woodruff took the laboring oar on this acquisition. The HOA closed on this in early September 2018. We also developed a short plan and long-term vision to provide quality roads to the HOA.

Financially, in the past two years, the HOA has turned things around dramatically. It was just 2.5 years ago that the HOA had no money and required a loan (now repaid) to pay its bills

As of June 30, 2018, the HOA had:

- \$142,000 in the operating account which is relative to the approximate \$100,000 annual budget
- \$70,000 in a reserve account
- Nominal bad debt

Water Company: Over the course of many months, the Association and the Trustee negotiated the terms of the purchase of the Upper East River Water Company assets. Shortly after the closing of the purchase of these assets, Buckhorn Water Service Company LLC was formed to hold the water company assets, being the water rights, the lot housing the water tank, the infrastructure, the out lot, to deliver water to the owners in Buckhorn Ranch, collect fees, secure insurance and so on. A new water declaration agreement was adopted by the LLC. The water operator functions are performed by Jack Dietrich through his company. This entity is managed by the Board of Managers. As with the AirPark, the sole member of this LLC is the HOA. This relationship is governed by an Operating Agreement. Buckhorn Ranch is now in control of its own water supply. This is a big deal!

Roads Special Assessment: Recognizing that construction will continue, and that the cost to install new roads is significant, the Board is executing on a plan to raise \$1,000,000 over the course of 4 years. We implemented a special assessment of \$2800 which can be paid either up front or in \$700 annual increments over 4 years.

Road Fee Implemented for New Construction: This road fee will be used to augment the repair and maintenance of the Chip and Seal in place to improve the maintenance of the roads in advance of the development paving. This fee is \$2,000 for homes under 3000 SF. and \$3000 for homes over 3000 SF.

To accomplish these important goals which bring significant value to BRA and in particular to every owner, and also further support the Road Reserve Fund, we raised dues from \$600 per year to \$900. Please note that relative to other HOAs in Crested Butte, BRA will continue to be on the low end even with this increase.

In conclusion: Our HOA has come a very long way in a short amount of time, and we believe the time and financial investments being made are having a direct impact on the quality and desirability of Buckhorn Ranch as well as the value of our individual homes. Please feel free to reach out to any of the board members as we are happy to answer questions and hear your input!!