

[Click Here to Close The Window](#)

THE KEYSTONE NEIGHBOURHOOD COMPANY
ANNUAL MEMBERS MEETING

NOVEMBER 17, 2000

I. Call the Meeting to Order

The Keystone Neighbourhood Company, Annual Members' Meeting was called to order by Mr. Peter Benson at 4:05 p.m. on Friday, November 17, 2000 in the Arapahoe and Divide Rooms at the Keystone Lodge

Board Members Present Were:

Peter Benson, President/Treasurer, At Large Director
Kevin Kelley, Secretary, At Large Director
Doug Sims, Ski Tip Residential Director
John Boyd, River Run Residential Director
Bob Oliva, At Large Commercial Director
Tim Patterson, Lodge Director
Don McCoy, River Run Commercial Director

Homeowners Present Were:

For a list of the Homeowners, please contact the [KNC](#)

Representing the Keystone Neighbourhood Company Was:

Katy Syko, Executive Director
Heidi Stenhammer, Office Manager
Molly Speer, Operations Manager
Karen Fischer, Office Administrator

Representing Keystone Property Management Was:

Luke Slottow, Director of Property Management
Jeff Steele, Senior Property Manager
Chris Love, Senior Property Manager
Pat Reyes, Property Manager

Others Present Were:

John Waldman, Great Knight Productions
Marc Ofsowitz, Owner of Timbaktu and Mother Moose
Shevy Rashidi, Manager of Paisanos and Kickapoo

A quorum was represented in person and by proxy.

II. Approve Previous Meeting Minutes

Mr. Pell made a motion to approve the previous meeting minutes dated July 3, 2000, as presented. The motion was seconded and carried unanimously.

III. President's Address

Introduction of Executive Board

Mr. Benson introduced himself as the President and At Large Director of the KNC Board and Vice-President of Keystone Real Estate Developments. He introduced the rest of the Executive Board.

Mr. John Rutter is the Vice President/Resort Director of the KNC Board and Chief Operating Officer at Keystone Resort who was unable to attend this meeting. Mr. Kevin Kelley is the KNC Secretary/At Large Director and works at Jacobs, Chase, Frick, Kleinkopf and Kelley which is the law firm used by the KNC. Mr. Doug Sims is the Ski Tip Residential Director and Homeowner at Ski Tip and Settlers Creek. Mr. John Boyd is the River Run Residential Director and owns several units in River Run. Mr. Bob Oliva is the At Large Commercial Director and works for Vail Resorts in a commercial leasing role. Mr. Tim Patterson is the Lodge Director and works as the Director of Food, Beverage and Lodging at Keystone Resort. Mr. Don McCoy is the River Run Commercial Director and owns Rockin R Ranch and Shirtz in River Run.

For the benefit of new KNC Members, Mr. Benson explained that the KNC has many of the same responsibilities as a town including snow and trash removal, common area maintenance, special events, landscaping, security and transportation. The KNC was created to ensure the quality of the Neighbourhoods at Keystone are maintained at a high level once the developer is completed with the development.

He noted the potential to add the Mountain House Base Area into KNC territory in the future. The developer has plans to redevelop and improve that area starting beginning in the next few years. If this area is included in KNC territory, it will extend the amount of time until the KNC is fully turned over to the Members.

Election and Voting Update

Mr. Benson explained that the Neighbourhoods at Keystone are 25% built out therefore three Residential Director Board positions to be held by Homeowners are available for election by the Homeowners at this meeting. The Ski Tip Residential Director term is effective for two years and is elected in years ending in an even number. This initial term will run from 11/01/00 to 11/01/02. The River Run Residential Director term lasts for two years and is elected in years ending in an odd number. This initial term will last for one year from 11/01/00 to 11/01/01. The At Large Residential Director term lasts for two years and is elected in years ending in an odd number. This initial term will last for one year from 11/01/00 to 11/01/01.

The Developer currently holds 42% of the total votes, Vail Summit Resorts holds 34% of the votes and the Homeowners hold 24% of the votes.

IV. Finance Committee Report

September Year-to-Date Financials

As of September 30, 2000, income totaled \$1,974,500 or 104% of the budget, expenses totaled \$1,292,905 or 108% of the budget for a net income of \$681,595 or 98% of the budgeted amount.

2000 Year-End Projections

As of December 31, 2000, it is projected that the KNC will end the year with \$2,545,636 in revenue, \$1,547,692 in expenses for an ending balance of \$304,580 better than budget. These numbers will depend on snowfall in December which could push expenses over budget.

Future Financial Projections

Stan Bernstein of Bernstein and Associates is the financial planner for the KNC and updates a 10-year cash flow projection each year around budget time. This is an excellent planning tool to forecast years with a potential deficit which currently includes 2002 and 2006.

Mr. Bernstein created two cash flow scenarios one reflecting the Annual Real Estate Assessment at 10 mills and the other at 20 mills. The Board is recommending an increase in the current mill levy from 10 mills to 20 mills so that funds can be accumulated to pay for capital maintenance or construction of facilities and improvements throughout River Run.

Once enough money is accumulated to build a facility or consider a major improvement such as a snow melt system underneath main street, it will be the Members who will decide how that money will be spent through the budgeting process. Future facilities will help to build conference business which fills room nights, resales should be stronger with a strong reserve fund balance and the chances of deferring important maintenance issues will be decreased.

Mrs. Syko explained that 2001 improvements include additional benches, ski leaners and bike racks, boardwalk improvements, signage, bus shelters, additional landscaping, a new banner program and a BMX or skateboard park. Anticipated replacements for 2001 include broken umbrellas, seal coating the walkways and roads and repair of wooden handrails. The current balance of the replacement fund shows that the KNC is 50% funded according to the reserve fund study which will be updated next year to include new KNC territory and property.

Anticipated future facilities include an information or welcome center to be built in 2001 for approximately \$150,000, a Community Center projected to be built in 2005 for five million dollars, a Recreation Center projected to be built in 2007 for five million dollars and a Performing Arts Center projected to be built in 2010 for five million dollars. A non-profit organization will be formed to raise funds for the proposed facilities because they would benefit the community as a whole and not just KNC Members. The KNC would contribute towards the cost of the facilities.

It is the Boards philosophy to build reserves so that money is available to cover improvements and replacements and contribute toward facilities so that special assessments are not necessary.

2001 Budget

The 2001 budget proposed by the Executive Board (based on a 20 mill levy) reflects revenue from assessments in the amount of \$3,335,250 and revenue from other sources in the amount of \$160,000. Common expenses are reflected at \$1,864,036 and reserve fund allocations are \$1,416,131 for a bottom line surplus of \$215,083. Normally the budget would be zero based but the surplus is reflected to cover the anticipated deficit for 2002. This is allowed under revenue ruling 7604.

Operational expense categories account for \$1,220,992 or 66% of the budgeted expenses, general and administrative expenses account for \$319,144 or 17% of budgeted expenses and event expenses account for \$323,900 or 17% of budgeted expenses.

Budget variances from 2000 to 2001 include a 10% increase for General and Administration, a 26% increase for operations and the addition of a contingency line item in the amount of 3% of total expenses to cover unforeseen expenses that could occur in a heavy snow year. Additionally, the events category has increased 12% which accounts for the addition of \$30,000 specifically earmarked for shoulder season business development.

Most, if not all-additional revenue generated from the increase in the mill levy will be placed into reserve funds as long as a deficit is not anticipated for that particular year.

Master Association and Homeowner Association Assessment Comparison

Mrs. Syko showed one chart which compared assessments between other master associations and the KNC and a second chart which compared assessments between homeowners associations and the KNC. These charts reflect the relatively low level of the KNC Annual Real Estate Assessment even when raised from the 10 mill levy level to 20 mills. In many cases, Homeowner association monthly dues equal the annual dues paid by KNC Members which at the 20 mill levy average at \$1,713 for Timbers Homeowners, \$510 for River Run Homeowners and \$650 for Ski Tip/Trappers Crossing/Settlers Creek Homeowners.

Budget Vote

Mrs. Syko requested that all present complete their ballots. The votes were tallied and 2,413.39 votes were in favor of the 2001 budget and 33 were opposed. For informational purposes, the number of Homeowner votes (not including developer and ski area votes) totaled 133 in favor of the 2001 budget and 33 opposed.

Mrs. Syko reported that the 2001 budget was ratified.

V. Election of Residential Directors

River Run Residential Director

Mr. John Boyd has served on the KNC Executive Board for the past year and is the candidate running for election to this position only. River Run Homeowners will only vote for this position.

Mr. Boyd gave a brief introduction of himself. He owns several units in River Run and is almost finished with the construction of his permanent residence on Montezuma Road. He and his family will move here from Denver and will reside in Keystone full-time. His goal is to make River Run a fun place and increase the value of Homeowner investments.

Mr. Boyd was elected to the Board with 135 in favor and 2 opposed.

Ski Tip Residential Director

Mr. Doug Sims has also served on the KNC Executive Board in the past and owns a unit at Ski Tip and a lot at Settlers Creek. He is the only candidate running for election to this position. Only Ski Tip, Trappers Crossing and Settlers Creek Homeowners will vote for this position.

Mr. Sims stated that he feels the Board has a strong fiduciary responsibility to the Members and

was a huge proponent of starting to build up reserves in these early years rather than wait and have to potentially special assess the Members. He is investing in this area for the long term, has enjoyed serving on the Board and would like a lot of Member input when the time comes to start major facilities.

Mr. Sims was elected to serve another term on the Board as Ski Tip Residential Director with 23 votes in favor and zero opposed.

At Large Residential Director

In the last newsletter, Members were asked to consider serving on the Executive Board. Two Members expressed interest, Bill Pell and Ron Huxtable both of which are River Run Homeowners and neither wished to run against Mr. Boyd for the River Run Residential Director position. All Homeowners will vote for this position. As such, they ran for the At Large Residential Director position.

Mr. Pell stated that he owns a unit in Silver Mill and has past experience in serving on boards and committees. He has served on public arts committees and strongly endorses the KNC mission statement which emphasizes the eventual goal of creating a four-season resort community.

Mr. Huxtable was unable to attend the meeting. He owns a unit in Expedition Station and has 31 years of experience in the computer industry. He recently retired and is interested in serving on the Executive Board to help ensure that Keystone is the most desirable family resort in Colorado. He plans to spend a lot of time each year in Keystone.

Mrs. Syko reported that Mr. Pell was elected to serve as the At Large Residential Director with 107 votes. Mr. Huxtable's votes totaled 81.

VI. Old Business

Events & Concert Update

Summer events were very successful this past summer. Attendance for the Celtic festival grew from 5,500 in 1999 to 7,500 in 2000. Attendance for the Bluegrass and Beer Festival grew from 8,000 in 1999 to 10,000 in 2000 and attendance for the Wine, Jazz and Sculpture Festival grew from 4,000 in 1999 to 6,500 in 2000. All of the above events will continue in 2001 with new components added to each to keep them fresh and interesting.

The objective of holding the Widespread Panic concert last July was to drive rental nights, gain exposure for Keystone, appeal to the people aged 20 - 35 and build a future with the concert promoters.

The concert did not cost the KNC any money and the KNC earned .5% on all concessions within the concert venue. It created the busiest weekend in Keystones history and filled all the vacant rooms at Keystone and throughout Summit County. Keystone gained a significant amount of positive press throughout Colorado mountain communities. Attendance totaled 29,000 people over both days and concertgoers had wonderful things to say about Keystone.

If future concerts are held at Keystone, a greater emphasis will be placed on selecting a more appropriate band/act for this area, surrounding community members and River Run association board presidents will be consulted regarding future concert proposals and parking, camping and public restroom issues will be more clearly defined and managed. There are no additional concerts

scheduled at this time.

Non-Profit Foundation Update

Mrs. Syko and KNC lawyers are currently working on creating a non-profit organization to raise community, corporate and government funds for future facilities in River Run. Members of the new board are currently under consideration, the budget is being created and community members have been consulted about the vision and needs for community buildings. The goal is to have the organization operational by July 2001. Much of the work will be completed within the KNC office in the first few years.

VII. New Business/General Discussion

New KNC Members

Mrs. Syko was asked if any other community associations have asked to become part of the KNC. Mrs. Syko responded that the Timbers is the only Association that has asked and has become a member of the KNC. The KNC Executive Board would review any future requests.

VIII. Enchanted Evening

Mrs. Syko invited everyone to the Enchanted Evening celebration to be held tomorrow evening at Great Northern Tavern and Paisanos. The event will cost \$20.00 per person. This format will be reevaluated for next year.

IX. Set Next Meeting Date

The next meeting will be held on July 2, 2000 at 4:00 p.m.

X. Adjournment

The meeting was adjourned at 5:12 p.m.

[Click Here to Close The Window](#)