

[Click Here to Close The Window](#)

APPENDIX A

Alan P. Simpson & Jane Gouveia-Simpson Pueo LLC.
2648 South Newcombe Street, Lakewood, CO 80227 USA
Telephone & Fax (303)763-9908

15 November, 2002

Board, Keystone Neighbourhood Company
P.O. Box 9251
Keystone, CO 80435

Please distribute & Appointed Proxy to Read
during "Discussion" following "Motion to
approve Budget" at AGM on Nov. 22. 2002

To the Board of Keystone Neighbourhood Company,

Thank you for the time and effort you put into addressing the issues regarding the Company. In particular we would like to thank the Board members who are Homeowners, and the retail/commercial renter, who do not receive any remuneration for the time & effort they put in to maintain and protect the value of our assets in this arena.

We applaud your innovative thinking regarding ways to reduce expenses, recounted to us by the Company staff when we called the office.

WE WOULD LIKE TO SEE MORE SERVICE REDUCTIONS SO AS TO BRING THE BUDGET INTO LINE WITH REVENUE. (NOTED BELOW.)

Let's develop a zero based budget based on the current mill levy & expected revenues, RATHER THAN creating a budget that is zero based *on past discretionary* line items/services. Let us scale back events & services a bit so as to keep our mill levy at its current level, and Not INCREASE it again by 50%.

As noted in the financials coversheet, the economy is in recession.

The original Budget established by the Declarant for Keystone Neighbourhood Co. relied on a large number of condo sales, on which the Company obtains 2% on sales by the developer, and 4% when homeowners resell. These sales have dropped precipitously.

Homeowners have also suffered intense negative financial effects in this economy and it is appropriate to tighten the company's belt and adjust services accordingly as well as stretching our dollars further. Some dedicated thinking to greater efficiency and effectiveness on the part of Keystone's management and maintenance services would undoubtedly reap many benefits.

The time for serious cuts in expenses is now! We support Reductions in the following areas:

- Scale back Special Events, to the number or size so that expense is equivalent to the revenue they generate. Savings: \$143,500* (This will still promote Keystone as a 4 season destination resort, when combined with all the activities and amenities available)
- Park Lane Pavilion: as above, (get other sponsors?) Savings: \$93,675*
- Administration: The above two reductions would result reducing required staff time, therefore

- lowering the \$352,169 expense Savings: \$35.000 or more?
- Transit System Allowance: slightly reduce the frequency of the bus journeys Savings: \$30.000 to + (this would take us back to 2001 level of expense or, perhaps with reduced service it could go lower savings up to \$50.000)
 - Pool: As the majority of buildings have these in house, and the owners pay for the maintenance of those pools and spas, please do one of the following: Charge Admission; Reduce # of hours open; Sell *it* (the \$1 price tag to sell it to the HOAs that do not have pool/spas is a superb idea !); or close it for now. Savings: UP to \$75.000
 - Plaza snow/litter Removal: Currently \$399,813, or 16% of budget. Can we find a more cost effective means of keeping the area clean and clear? (as was done with the pool labor?) Set an amount and do not exceed it: Savings : \$45.000 to \$55.000 or more !

*The notion that these events generate room rental revenue is true, but the income generated *for* homeowners is nominal when compared to the cost !!!

Were we to undertake the above service and event reductions, we would have ample funds available to: pay back the deficit, contribute to the capital reserve and make the allocation to the community facilities, without increasing the mill levy. Please do this now.

We appreciate this opportunity to give input to the Board. Prior to approving this budget, *Please* canvas the owners to determine their view on such service reductions. The Declarations allow another 38 days following the mtg. on Nov. 22nd to obtain ratification of a budget from the owners.

Yours truly,

Jane Gouveia-Simpson, Alan Simpson, Pueo LLC
Lone Eagle Unit #3001 Owners

[Click Here to Close The Window](#)