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THE KEYSTONE NEIGHBOURHOOD COMPANY  
SPECIAL MEMBERS MEETING

JULY 2, 2001

I. Call the Meeting to Order

The Keystone Neighbourhood Company, Special Members' Meeting was called to order by Mrs. Katy Syko on Monday, July 2, 2001 at 3:10 p.m. in the Greys Peak 1 & 2 Rooms at the Keystone Conference Center.

Board Members Present Were:

Paul Stashick, President, At Large Director  
John Rutter, Vice-President, Resort Director  
Bill Pell, At Large Residential Director  
Doug Sims, Ski Tip Residential Director  
John Boyd, River Run Residential 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 Were:

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

Representing Keystone Property Management Were:

Jeff Steele, General Property Manager  
Jeff Pennette, Property Manager  
Patt Reyes, Property Manager  
Winston Elliot, Property Manager

Others Present Were:

Marcia Spent, East West Resorts  
John Morgan, East West Resorts  
Mike O'Connor, Keystone Real Estate Developments  
Wes Jensen, Keystone Resort Commercial

Mrs. Syko noted that a quorum was present in person and by proxy.

## II. President's Address

### **Introduction of Board and KNC Employees**

Mr. Stashick introduced himself as an At-Large Director appointed by the Declarant and the President of the Neighbourhood Company Executive Board. He works for Intrawest Corporation and is responsible for the Declarants real estate development at Keystone. Mr. Stashick is the only new member of this Board since the last Members' meeting.

Other Board members include John Rutter as the Vice President and Resort Director, Kevin Kelley as the Secretary and At Large Director, Bill Pell as the At Large Residential Director, Doug Sims as the Ski Tip Residential Director, John Boyd as the River Run Residential Director, Bob Oliva as the At Large Commercial Director, Tim Patterson as the Lodge Director, Don McCoy as the River Run Commercial Director and Dave Hierholzer as the Treasurer.

Neighbourhood Company employees include Katy Syko as the Executive Director, Heidi Stenhammer as the Office Manager, Molly Speer as the Operations Manager and Karen Fischer as the Office Administrator.

### **Company Background**

Mr. Stashick explained the basic functions of the Neighbourhood Company. The Neighbourhood Company maintains the common areas in River Run and the roads and some landscaping at Ski Tip, Trappers Crossing and Settlers Creek. The Neighbourhood Company is responsible for security, transportation, special events, design review, marketing, wetlands maintenance and snow/trash removal. The main goals of the Neighbourhood Company are to create a better community, protect and enhance property values and improve the guest experience at Keystone.

It is the Keystone Neighbourhood Company's mission to make the Neighbourhoods at Keystone a premier mountain community by creating and maintaining a high quality environment and investing in facilities and events that will attract visitors and create a vibrant, four season community.

Funding for Neighbourhood Company functions is provided by a Real Estate Transfer Assessment in the amount of 2%, an Annual Real Estate Assessment which is 20 mills of the assessed property value for condos, townhomes and land and a Sales/Recreation Assessment in the amount of ½ %.

### **Vision for Future**

Mr. Stashick explained that the Neighbourhood Company is currently in good financial condition with closings of Lone Eagle and Settlers Creek Townhomes. The Board recently had a day long envisioning meeting and is planning for the next three to five years and hopes to implement a new facility in the future based on the needs of the community and the availability of funds.

## III. Approve Previous Meeting Minutes

Mrs. Syko requested that all present review the minutes from the previous meeting dated

November 17, 2000 and suggest changes or make a motion to approved as presented.

It was noted that the section regarding the Widespread Panic concert seemed overly positive and a suggestion was made to include a comment that stated the many complaints were received from Homeowners and guests. A motion was made to approve the previous minutes with the above change. The motion was seconded and carried unanimously.

#### IV. Financial Report

##### **Audit and Year End 2000**

Mr. Backus, CPA with McMahan and Associates, presented the year-end 2000 audit and financial statements. He noted that the Neighbourhood Company hires McMahan and associates annually to conduct an audit of its records and financial statements. Mr. Backus noted that once again, the Neighbourhood Company has earned the highest, unqualified opinion that an auditing firm can provide.

As of December 31, 2001 income was \$2,566,745 or 166% of budget, expenses were \$1,635,096 or 106% of budget and allocations to reserve funds were \$692,234 for a net income of \$239,415.

Mrs. Syko was asked why Neighbourhood Company assessments are not tax deductible. Mrs. Syko explained that the Neighbourhood Company is still Declarant controlled and therefore cannot qualify for non--profit status under IRS regulations. The Neighbourhood Company will eventually apply for non-profit status but not until the majority of the Executive Board is turned over to the Members. If and when non-profit status is attained, assessments will be tax deductible.

Mrs. Syko explained a few notable variances from 2000. Real Estate Transfer Assessments were budgeted conservatively and sales prices for The Timbers and Red Hawk Lodge were higher than anticipated creating an excess in that account. Office Equipment and Expenses was over budget due to a one time balloon payment for the copier/fax lease agreement, Snow Removal was over budget due to heavy first quarter 2000 snowfall and a very snowy December.

Mrs. Syko commented that the Board built in a 3% contingency line item to cover unforeseen expenses in 2001.

##### **Year-to-Date Financial Reports**

As of May 31, 2001, income was \$271,789 or 120% of budget, expenses were \$737,731 or 102% of budget for a net income of negative \$465,942. Currently, the financial statements are close to budget however, Mrs. Syko noted concerns with utility expenses associated with snow melt systems and the pool since the recent utility rate increases were not budgeted.

##### **Reserve Funds Update**

The Neighbourhood Company has three reserve funds; 1) Community Capital Reserve and Replacement, 2) Community Improvements and 3) Community Facilities. Funds in these reserve account are invested in money market accounts through Dain Rauscher as the discretion of the Finance Committee.

Balances in these accounts as of May 31, 2001 were \$223,922 in Community Capital Reserve and Replacements, \$197,741 in Facilities and \$119,422 in Improvements. Anticipated expenditures from these funds during the rest of 2001 will include two more bus shelters for Trappers Crossing and Settlers Creek, a new banner program, additional plaza furniture, board walk improvements and landscape umbrella. Repairs and replacements will include broken umbrellas, seal coating walkways and repair of wooden hand rails.

At the last Executive Board meeting, Board members created a list of priorities for improvements/facilities in River Run. This list is as follows;

1. Information Center
2. Conference Space
3. Transit
4. Recreation Center/Pool
5. Ice Rink
6. Chapel
7. Day Care

Mrs. Syko had planned to have the Information Center built this summer but that project has been temporarily put on hold since bids are coming in \$40,000 to \$50,000 over budget. The rest of the items would be shared cost projects between the Neighbourhood Company, the Resort and the community.

Conference space in River Run will help to increase rental nights and also boost summer business. Transit plans include the potential for a gondola link from the Mountain House Base Area to River Run. Aerial linkage would be an attraction in itself and could further increase business.

Many Members feel that the Neighbourhood Company pool at Dakota Lodge is not large enough to support all Homeowners and guests staying within Neighbourhood Company territory. A recreation center with a large pool would be a welcome addition to River Run. An ice rink would add to the list of attractions and would attract local business as ice time is hard to come by at the Breckenridge Ice Rink. The Chapel could be funded in part by the community with the Neighbourhood Company helping by providing the land and additional funding. This could also be used for conference business and would also be used for weddings and performing arts venue. The need for employee day care is significant and this is one improvement that the Neighbourhood Company could help facilitate.

Mrs. Syko was asked if there were any plans to improve the Montezuma Free parking lot. Mr. Rutter commented that the parking lot is owned and managed by the Resort and that someday it will be upgraded however capital improvements in the near future will not relate to the parking lot.

One Homeowner inquired about the status of a BMX track in the Montezuma free parking lot. Mrs. Syko commented that the track could not be installed in time to get a sanctioned BMX race in River Run which was the original goal. The Resort is willing to allow the Neighbourhood Company to build the track on its parking lot however they are not interested in running the track. Mrs. Syko is attempting to find an operator and still plans to have the track constructed for next summer. This track will be temporary and will be dozed at the end of the summer with a completely new track created with dirt the following spring.

## V. Vote

Mrs. Syko requested all present to complete the ballots which include two resolutions provided by the auditing firm.

RESOLVED, that amounts collected by or paid to the Neighbourhood Company for Community Facilities in the amount of \$28,961, for Community Capital Reserves in the amount of \$11,301 and for Community Improvements in the amount of \$789,497 for the year ended December 31, 2000, shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by IRC Section 118 and Revenue Rulings 75-370 and 75-371. Such amounts shall be deposited into separate accounts. Any amounts so added to replacement funds shall be allocated to the various components at the discretion of the Executive Board.

This resolution passed with 2,270.53 votes in favor and 2 votes opposed.

RESOLVED, the excess membership income over membership expenses collected by or paid to the Neighbourhood Company in the amount of \$239,415 for the year ended December 31, 2000, shall be applied against subsequent tax year membership income as provided by IRS Revenue Rulings 70-604.

This resolution passed with 2,270.53 votes in favor and 2 votes opposed.

## VI. Community Improvements

### **Tree Project**

Keystone Real Estate Developments recently completed a major tree project on the south side of Ida Belle Drive which included the planting of approximately 22 very large evergreen trees at a total cost of \$175,000. The purpose of this project was to bring down the mass of the buildings along Ida Belle Drive.

Keystone Resort is currently working on a major landscaping/tree project on the north side of Ida Belle Drive which includes a combination of trees and shrubs with an irrigation system. This project will be completed in two phases costing approximately \$150,000.

The Neighbourhood Company incurred no expenses relating to the above two projects but will take over and maintain both areas once completed and turned over to the Neighbourhood Company.

Mrs. Syko was asked if the Neighbourhood Company was responsible for the area along Montezuma Road between the bike path and the road that appears to need reseeding. Mrs. Syko responded that the Neighbourhood Company is not responsible for that area but she will talk to Summit County Government representatives to see if something can be done to improve that area.

### **Snake River Foundation**

Mrs. Syko reported that the purpose of creating the Snake River Foundation is to determine how to make the Snake River Basin (the area from the town of Montezuma to Summerwood) a year-round community for residents and second homeowners and to determine necessary services such as grocery store, day care, post office, recreation center, year-round hockey, BMX track, community center, theater and library. The SRF will work as a catalyst for

change and will provide recommendations for public and private groups. The SRF will raise funds for pre-determined community services and facilities. The goal is to have the SRF operational by October of 2001.

Neighbourhood Company expenses for the SRF are minimal and relate to postage for questionnaire mailings when property management companies are not available in a particular area and a minimal amount of time associated with meeting preparation, attendance and follow-up. Once the SRF begins collecting funds the Neighbourhood Company will be reimbursed for postage and other incidental costs.

#### VII. Special Events

Major festivals in River Run continue to grow and become more successful each year with revenue increasing to the point of the Neighbourhood Company breaking even which is the ultimate goal. All major events will continue into 2002 with additional events and attractions being added to each festival every year.

#### VIII. Settlers Creek Design Review Board

Mrs. Syko commented that the Design Review Board has created a sub-committee specifically to review the design of homes at the Settlers Creek neighborhood. There are currently six homes under review.

#### IX. General Discussion

##### **Dakota Pool**

Mrs. Donna Spencer, Board member for the Buffalo/Dakota Homeowners Association, was asked by Buffalo/Dakota homeowners to suggest closing the Dakota pool in a more timely manner. Currently, 90% of the time the pool is closed by 10:00 p.m. and there are no incidents with guests using the pool after hours. She suggested possibly leaving the pool open until 11:00 p.m. to appease guests who wish to use the pool after 10:00 p.m. It was noted that this was not the suggestion of the Buffalo/Dakota Homeowners Association but a personal suggestion by Mrs. Spencer.

A discussion ensued and suggestions were made to have the pool cleaned more consistently, have the pool in consistent good repair, place an attendant at the pool during busy and closing times and have an earlier opening of 7:00 a.m.

Mrs. Syko asked for a poll of hands relating to the operating hours of the pool and whether or not they should remain 8:00 a.m. to 10:00 p.m. or be changed to 7:00 a.m. to 11:00 p.m. The majority consensus was to keep the pool hours the same as always. Mrs. Syko noted that Ms. Speer, KNC Operations

Manager, is working to create a more consistent closing procedure to include locking spa covers and will be sending a few Base Area employees to "pool school" so that the pool is cleaned more consistently by Neighbourhood Company Base Area staff as opposed to over-booked sub-contractors.

Mrs. Syko was asked about who is allowed to use the Dakota Pool. She responded that all Members of the Neighbourhood Company are allowed to use the Dakota Pool as well as guests renting units in River Run, Ski Tip, Trappers Crossing and Settlers Creek. A Red

Hawk Lodge Homeowner was told at closing that once the Red Hawk Lodge pool was completed that they were no longer allowed to use the Dakota Pool. Mrs. Syko stated that this information was incorrect and that even if a Neighbourhood Company Member owns a unit in a building that has a pool (Red Hawk Lodge, Expedition Station, The Springs) they are still allowed to use the Dakota Pool.

The Neighbourhood Company Executive Board could potentially look into selling the pool to the Buffalo/Dakota HOA if a recreation center with pool is eventually built near River Run.

### **Vacant Land Assessed Value**

It was noted that according to the Summit County Assessors Office, condominiums and townhomes are assessed at a rate of 9.15% versus a much higher rate of 29% for vacant land such as land relating to the Settlers Creek single family lots which are part of the Neighbourhood Company and subject to the Annual Real Estate Assessment. Some Members suggested that the significant difference in the assessed rate does not appear to be equitable for single family lot owners and Mrs. Syko was asked to consult with the Neighbourhood Company legal counsel to determine if a more equitable assessment rate can be created. Mrs. Syko will inquire with the Neighbourhood Company legal counsel and will send an update with the upcoming Annual Real Estate Assessment billing to take place in August.

#### X. Set Next Meeting Date

The next Neighbourhood Company Members' meeting will be held on Saturday, November 17, 2001 at 3:00 p.m.

#### XI. Adjournment

The meeting was adjourned at 4:15 p.m.

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