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THE KEYSTONE NEIGHBOURHOOD COMPANY
SEMI-ANNUAL MEMBERS MEETING

JULY 3, 2000

I. Call the Meeting to Order

The Keystone Neighbourhood Company, Semi-Annual Members Meeting was called to order by Mr. Peter Benson on Monday, July 3, 2000 at 4:10 p.m. in the Divide Room of the Keystone Lodge.

Board Members Present Were:

Peter Benson, President
John Rutter, Vice-President
Jon Simisky, Treasurer
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](#)

Others Present Were:

Katy Syko, KNC Executive Director
Heidi Stenhammer, KNC Office Manager
Molly Speer, KNC Operations Manager
Karen Fischer, KNC Office Administrator
Jerry McMahan, McMahan and Associates
Jeff Steele, Director of Property Management
Chris Love, Senior Property Manager

II. Approve Previous Meeting Minutes

A motion was made to approve the previous meeting minutes dated November 19, 1999. The motion was seconded and carried unanimously.

III. President's Report

Mr. Benson introduced all Board members and KNC employees. He stated that it is the KNC mission to make the Neighbourhoods at Keystone the premier mountain community in Summit County by maintaining a high quality environment and investing in facilities and events that will attract visitors and create a vibrant, four season community.

He explained that the Declarant has appointed all current members of the Executive Board,

but that the Declarant expects to turn over the three Residential Directorships to the Homeowners at the November meeting.

RETA Owed by Vail Resorts, Inc.

Mr. Benson reported that research has been completed regarding the possibility that Real Estate Transfer Assessments were owed by Vail Resorts upon the 1997 sale of Keystone Resort to Vail. An independent attorney determined that Vail was subject to the 2% RETA for the transfer of the wetlands and the Lodge at Ski Tip but no other property. Vail has been charged and has paid \$47,000 in RETA of which \$16,685 was interest.

IV. Financial Report

1999 Audit

Mr. Jerry McMahan, Principle of McMahan and Associates, gave the 1999 financial audit report. The KNC has again received an unqualified opinion which is the highest opinion an auditor can give. His firm has created a detailed analysis of the 1999 financial status of the KNC and that analysis is available to any Member who would like a copy.

KNC revenue is divided into four funds. An operating fund, a facilities reserve fund, a community capital reserve fund and a community improvements fund. Two of those funds, the operating fund and the facilities fund, are required by KNC Documents. The two other funds were set up for tax purposes.

There was a significant decline in the number of new units available for sale in 1999 which created a tight operating budget. As development slows, the KNC will need to rely on other revenue streams to operate and the Executive Board addresses this issue at each meeting. A five to ten year cash flow projection is being created to ensure the KNC can effectively operate in the black. The Board may need to consider raising the mill levy in future years to cover operating costs if significant deficits are apparent.

Two resolutions regarding excess revenue are required by IRS regulations to avoid income taxes and have been presented by the auditor. These resolutions will be included in today's vote. The two resolutions are attached to these minutes as Appendix A and B. The first resolutions was approved with 2,515.44 in favor and one opposed and 2,512.44 in favor, three opposed and one abstaining for resolution two.

Year-End 1999

As of Year-End December 31, 1999, the KNC operating budget was \$93,877 over budget. Income was \$1,343,447, expenses were \$1,414,712 and allocations to the reserve funds were \$22,612.

Year-to-Date 2000

As of May 31, 2000, the KNC operating budget was \$20,392 under budget with income in the amount of \$636,520 and expenses in the amount of \$616,128. Mrs. Syko projects that by year-end the operating account will be very close to budget.

V. Community Improvements

Buffalo Courtyard

Many improvements have taken place at the Buffalo Courtyard. The fountain has been repaired and is functional, planter boxes have been added around the perimeter and planted with aspen trees and flowers and bushes have been removed from the landscaping beds and replanted with aspen trees.

Public Furniture

Several pieces of log furniture have been purchased and placed throughout the Events Plaza for general seating. The majority of the furniture consists of stationary, high-back log chairs and rocking, high-back log chairs. Multi-colored umbrellas have also been ordered and will be added throughout the plaza to brighten up the village.

Climbing Wall

A climbing wall has been purchased and will be placed in Dercum Square. This wall will be operated by Keystone Resort with 50% of the sales returned to the KNC.

Master Landscaping Plan

A master landscaping plan was created by the Design Review Board which will be used to evaluate major DRB applications. The plan outlines core garden areas and transitional areas such as Ski Tip and Trappers Crossing.

Ida Belle Drive

The Developer and the Resort will be adding a significant number of large trees to the North and South sides of Ida Belle Drive. This will help soften the massiveness of the buildings and give the entrance to River Run a more forest feel. This improvement does not cost the KNC any money initially. Future costs to the KNC will be incurred for irrigation and maintenance. These trees come with a two-year warranty as long as they are properly watered and fertilized.

VI. Five-Year Facilities Plan

The following chart represents the current five-year facilities plan. These priorities were set according to a survey of all current and new Homeowners.

<u>Facility Est.</u>	<u>Cost</u>	<u>Stage</u>	<u>DRB</u>	<u>Bids</u>	<u>Construct</u>
Info center	\$140,000	Designed	1/99	In Progress	2000
Town Hall	4.5 Million	In Design	N/A	Pricing	2005
Rec Center	5 Million	Concept	N/A	N/A	2007
Per. Arts Ctr	5 Million	Concept	N/A	N/A	2010

Funding for the above facilities is anticipated to be a combination of KNC funds, private funds and corporate funds.

The Information Center is currently in the planning stages and is slated for construction this fall. This center will have interactive kiosks for guests to obtain Resort-wide information regarding lodging, dining, activities, ski conditions, etc.

Mrs. Syko reported that research is underway to set up a non-profit foundation to raise funds

to build the Town Hall. If built, this facility could be used for weddings, meetings, receptions, etc. and would have a basement that would house the KNC office and other non-profit offices. This building would be located at Dercum Square and the mini-golf and climbing wall currently located in that area would be moved to another location in River Run.

The Rec. Center could potentially be located in the Mountain House Base Area once that village is developed or in River Run if land becomes available. It would include an indoor pool, fitness equipment, exercise classes, owner's locker room, spa, etc. It is not yet known if this facility would be built by the Developer and operated by the KNC or built and operated by the KNC. KNC members would be members of the center at reduced access prices and access passes could be purchased by non-members at full-price.

The Performing Arts center is a facility needed county-wide. It will be built for live theater with up to 250 seats and will be a much-needed indoor winter event venue. It could be a resource for local theater groups and used for an education center for seminars, lectures, movies and children's programs. The suggested location of this facility is east of Silver Mill where The Backyard is currently located.

VII. Special Events

Kidz Carnival

The Kidz Carnival is the newest festival to River Run. It is held in conjunction with the circus and is a two-day weekend event. This event was very well received by the attendees and several improvements will be added for next year's festival.

Namin Names

Namin Names is a theatrical production commissioned by the KNC through Really Good Shows Theater Company located in Breckenridge. This play will educate children and adults about the origin of landmark names throughout Summit County and will encourage audience participation. It will be held seven times throughout the summer and the actors will utilize Miners Park as their stage/backdrop.

Coloring and Activities Book

A coloring and activities book designed to educate kids about the rich history of Summit County through an interactive treasure hunt at Miners Park was created by Karen Fischer (KNC employee) with the help of the Summit County historical Society and the Denver Children's Museum. Kids can pick up this coloring book and crayons at Mother Moose in Buffalo Lodge and take it to the park to locate the signs that hold the answers to the questions. The book also includes a page of answers in the back so kids that do not have time to complete the treasure hunt at Miners Park can still learn about Summit County's history. Once the treasure hunt is completed, the book can be brought back to Mother Moose to redeem a prize.

This activity has been extremely popular with kids and their parents. Marc Ofsowitz, owner of Mother Moose, contributed \$1,000 towards the printing of the coloring books because it has brought so much business to his new store.

VIII. DRB Restructuring

The Design Review Board has been extremely busy with major applications and has found it difficult to effectively operate with only three voting members and two non-voting advisors. The two advisors are architects who are very familiar with the style of the Keystone area and they currently do not have voting power. The Executive Board recommends that the Members approve an amendment to the KNC Declaration increasing the number of voting DRB members from three to five. This will help ensure a quorum at all DRB meetings.

This is the final item included on the ballot for a vote at this meeting. The votes were tallied and the amendment to increase the number of DRB members from three to five passed with 2,512.44 in favor and one opposed.

IX. Addition of Homeowners to the Executive Board

Mrs. Syko reported that a Homeowner vote to replace the three Residential Directors appointed by the Declarant with three Homeowners will take place at the Annual Meeting to be held in November. Any Homeowners interested in serving on the KNC Executive Board should send a letter of intent to the KNC office at P.O. Box 9251 Keystone, CO 80435. This letter should include a brief explanation of past experience and the reason behind their desire to serve on the Board.

X. General Discussion

Dakota Pool

Concerns were raised regarding the fact that the Dakota Pool is often times closed for maintenance. The covers are rarely placed on the pool or spas giving guests to opportunity to use the pools outside of operating hours. There has also been a problem with people bringing glassware to the pool area which is a hazard. Mrs. Syko stated that problems with the pool cover have been ongoing due to the fact that the cover is secured in sandstone. The pool will be shut down this fall to fix the pool cover so that it works consistently. Hard covers for the spas are being researched and a plan for fixing that problem will be initiated this fall as well.

Mrs. Syko was asked to install additional signs throughout the pool stating the hours of operations and the fact that glass is not allowed in the pool area. This will help security enforce the hours especially if locking covers are installed on the two spas.

A discussion ensued regarding the current pool closing time of 10:00 p.m. If better signage was prevalent then the pool could potentially be open until midnight. The general consensus was that midnight was too late for the pool to be opening considering the close proximity of the condos. It was decided that 10:00 p.m. is an adequate closing time.

Village Noise

One Owner noted the significant noise in the village that is created when the bars close and wondered if signs could be installed reminding pedestrians that people are sleeping in the units above. Mrs. Syko commented that there will always be noise from people making their way from the bars to their cars or condos in a pedestrian village atmosphere. She would prefer not to add additional signage to the village as it creates a cluttered appearance and additional obstacles during the snow removal season. Mrs. Syko will ask Keystone Emergency Services to show a presence during those critical times which might help reduce noise levels.

Anyone who feels there is excessive noise or unruly activity occurring in the village should call guest services at x4000 and Keystone Emergency Services will be dispatched to deal with the problem. People concerned about delays or lack of response by KES should contact the KNC during office hours.

Widespread Panic Concert

Mrs. Syko reported that there has been a significant amount of discussion in the past several days since the KNC has agreed to host Widespread Panic in the Montezuma Free Lot on August 19 & 20, 2000. The goal of hosting big-name concerts in Keystone is to draw business to the Neighborhoods and put this area on the map.

The KNC has contracted with Avalanche Productions to bring big-name concerts to this area and Widespread Panic is the first try of this type of concert. The KNC does not incur any costs to hold the concert in River Run other than time and some miscellaneous mailing and printing costs for Homeowner correspondence. The Producer pays for additional security guards, liability insurance and all other aspects of the concert production. The Producer has agreed to add all Homeowner Association as additional insured to its liability policy.

Research was done on the type of music and the demographics of the concertgoers. That information was presented to the Events Committee, Executive Board and finally to key employees at Keystone Resort for final approval. Now that the group has been accepted, the Resort is creating parking and security plans.

Other mountain resorts such as Aspen, Snowmass and Winter Park have hosted big-name concerts such as this and the key players at the KNC and Keystone feel that it is time for Keystone to try an event of this magnitude.

Meetings will be held with the Colorado Department of Transportation, Director of Emergency Services, Summit County Sheriff, US Forest Service and the Summit County Planning Department to ensure a smooth event. There will be a general command center in River Run and this concert will be used as an exercise for countywide mobility in case of an emergency.

Attendance is expected at 15,000 people per day. The age of concertgoers range from 20 - 40 years old and the main concern is with the younger, less mature, crowd. The groups' following is described as being similar to the following of the Grateful Dead. There is camping within the secured venue with twenty-four hour security. There will also be security located along Montezuma Road at the entrances to Ski Tip and Trappers Crossing.

Mrs. Syko was asked how the possibility of having 15 or more people in a condo could be avoided. Mr. Syko has recommended that Property Management issue credentials to all guests at check-in and that room rates be set at a level to deter the younger people from making reservations.

Mrs. Syko noted that for future concert proposals she would like to ask HOA Board Presidents for their input regarding a large concert in River Run as opposed to asking all Homeowners. The majority present agreed this to be an acceptable policy.

Mrs. Syko was asked about the reasoning behind trying a large concert with up to 15,000 people per day as opposed to trying a large concert with 8,000 people per day. She responded that it had to do with economics for the producer and the amount of money that

they can charge per person for this band. She will discuss with the Producer the economic feasibility for holding smaller concerts.

She noted that the Producer is concerned about creating a long-term relationship with the KNC and wants to do its best to create an excellent venue and experience for all involved. There will no doubt be problems but everything is being done to anticipate and minimize those problems. Mr. McCoy stated that this will be a learning experience for all involved and that it is a big leap worth taking for the Merchants, Homeowners and the County.

Mrs. Syko was asked about the parking plan. She commented that the Resort plans to park cars at the Mountain House Base Area initially and then park the remaining cars up at Arapahoe Basin with busses running continuously between the two areas. The County and the town of Montezuma has also given permission to the Resort to park cars along Montezuma Road and in the town if necessary.

XI. Set Next Meeting Date

After some discussion it was decided that because this meeting is held on a holiday weekend that the fall meeting should not be held on the Thanksgiving Holiday weekend giving owners the opportunity to rent their units during that one busy weekend in November.

The majority of Homeowner Association meetings will be held on Saturday, November 18, 2000 and there is generally not time for the KNC meeting to be held on that same day. The KNC meeting is generally held on the Friday prior to the HOA meetings because of timing constraints. Mrs. Syko was asked to try and find time to hold the meeting on Saturday the 18th of November but if that is not possible then the meeting should be held on Friday the 17th in the late afternoon.

Notice of the Annual Meeting will be mailed to all Homeowners in late October or early November with the exact meeting date, place and time.

XII. Adjournment

The meeting was adjourned at 5:45 p.m.

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