

The Keystone Neighbourhood Company
Special Members' Meeting
Friday, July 1, 2011

I. Open Meeting

The Keystone Neighbourhood Company Special Members' Meeting was called to order at 2:15 pm by John Buhler on Friday, July 1, 2011 in Warren Station at Keystone, Colorado.

Board Members Present:

John Buhler, President
Alex Iskenderian, Vice President & At-Large Director
Stephen Straight, At-Large Residential Director
Jeff Steele, At-Large Director
Doug Sims, Secretary & Ski Tip Residential Director
Larry Mills, River Run Residential Director
Donna Nolz, At-Large Commercial Director
Paul Jeppson, Lodge Director
Don McCoy, River Run Commercial Director

Representing the Keystone Neighbourhood Company:

Mark Mathews, Executive Director
Mindy Bothel, Business Manager
Maja Russer, Director of Events & Entertainment
Lesley Johnson, Warren Station Event Manager
Allissa LaFave, Event Coordinator
Jessica Butcher, Seasonal Event Coordinator
Robin Avery, Homeowner & Office Coordinator
Erik Kraatz, Operations Manager
Alison Gardner, Operations Supervisor
Ina Gillis, Landscape Manager

Others present at the meeting:

Paul Backus – CPA/Auditor

Homeowners present at the meeting:

<u>Name</u>	<u>Lot/Unit #</u>
Larry Arbuthnot	8840-41
James Hutter	8418
David Stelzer	SCE 7

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Dennis & Lynn Blum	8728
Bob & Christina Knoles	SCE 10
Mike & Kit Schroeder	8351
Mike & Donna Cushing	8285
Charles Haley	8829
Scott & Carla Rutledge	8848
Jeff Paddock	8479
Margaret & Archibald Smith	8519
Marilyn Manning	8123
Stephen Straight	8866
Bill Parkhouse	6444
Kathryn Thomas	ALD 19
Kathryn Petty	8203
Suzanne Brannon	8593
Steven B. Brown, MD	3026
Janette Brenner	8771
Doug & Nancy Sims	SCE 3
Gail & Jane Allaman	8470
Jim Spencer	8459
Carolyn & Frank Berlakovich	2291
Robert Lepkowski	3049
Sheri Patterson	8711
Lee Hattrup	8456
Patty Murray	8036/8531
Theresa M. Modlich	8325
Barbara Schwarte	8481
Larry Mills	8243
Albinsson/Wahlstrom	8587
Monroe Shumate	8402
Andrew Holshouser	8385
Steve & Gail Duree	8075
Joe Hodges	SCE 11
Karen Vogt	2327
John & Connie Loventhal	8730
William Fuller	8540
David & Sterling Wilson	8382
Brad Dempsey	6517
Howard & Joan Lang	8033
Dick Brenner	8771

II. Call the Meeting to Order

A. Approval of Previous Meeting Minutes

Motion to approve and a second were established. The previous minutes dated November 19, 2010 were reviewed and approved as presented.

III. President's Report

A. Introduction of Executive Board

Mr. Buhler began the meeting by introducing the Executive Board.

B. Mission Statement

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

C. Meeting Goals and Objectives

Mr. Buhler introduced Mr. Mathews, the Keystone Neighbourhood Company (KNC) Executive Director. He began with an overall review of the meeting goals and objectives.

IV. Audit Report

Mr. Backus began his presentation by explaining the 2010 year-end auditing process and outlining the major revenue and expense items for the company. Mr. Backus stated the audit determined KNC expenses are reasonable and relatively low, bills are paid timely and comparable to similar associations. Mr. Backus presented past trends to the members and KNC shows strong reserve funds due to conservative spending and investments made in previous years.

Since property assessments lag two years, Mr. Backus stated that KNC is very prudent with expenses and realize the reserve funds are slowing due to economic conditions. General discussion ensued between Mr. Backus and members regarding utilizing the surplus funds and the general economic outlook. He assured members that KNC dollars are spent wisely and the audit is accurate. He ended with an explanation of the resolutions up for adoption. Motion to approve the resolutions was made and a second was accepted.

V. Executive Director's Report

A. Introduction of Staff

Mr. Mathews introduced the KNC staff to members.

B. Year-to Date April 30, 2011 Financial Reports

Mr. Mathews began a review of the Balance Sheet and the Profit & Loss (P&L) report. He gave a detailed explanation of the Allowance for Doubtful Accounts category. As the discussion continued, he summarized the income and expenses through April 30, 2011 noting that Annual Real Estate Assessments (A.R.E.A.) and Real Estate Transfer Assessments (R.E.T.A.) were as anticipated. It was explained that KNC will likely close 2011 slightly over budget on both expense and income categories.

C. 2011 Reserve Funds Update

Mr. Mathews began the discussion outlining the current capital projects, noting that the overall capital budget is tracking very well and we are expecting to remain on budget throughout the year. The addition of Warren Station allows for more year-round programming for music events and other entertainment options as well as conferences and weddings. A successful new festival, The Blue Ribbon Bacon Tour, kicked off the summer event season.

D. Operation Projects Status

Upgrades for the Dakota pool are underway because the pool and spa area is utilized a great deal. Seasonal lighting, road, curb and gutter repair are progressing smoothly. The KNC is working with Keystone Resort and in the future the village will have a permanent stage in events plaza with an additional fire pit, plus an ice skating rink in Dercum Square. The resort is providing a significant amount of capital for these projects to assist in village vitality and animation.

Open forum for questions:

Q: Does the ice rink replace mini golf?

A: No. Both will be available on the same site.

Q: Is it a professional size rink?

A: Mr. Buhler replied that the size is approximately between Beaver Creek's and Arrabelle's ice rink. The goal is to revitalize that particular area of the village, by making it more connected to the core of River Run. The purpose of the rink is to provide additional entertainment for visitors, families and homeowners alike.

VI. Vote

A. Determination of Quorum

Mr. Mathews asked Ms. Bothel if a quorum had been achieved. Ms. Bothel replied that a quorum had been met.

B. Candidate Forum

Mr. Mathews made an announcement that Susan Chronister withdrew as a candidate due to acceptance of a new work position that would limit her flexibility on the Board.

1. River Run Residential Director Candidate - Bob Lepkowski introduced himself, gave a brief background history and related his success stories on other HOA boards. Also, his family loves Keystone and they spend 50 or more days each year in the area.
2. At-Large Residential Director Candidate - Brad Dempsey came to the podium, introduced himself and gave a summary of his background and long family history at Keystone.

The floor was open to questions of the candidates. None were asked.

C. Vote on Audit Resolutions and Board Nominees

Mr. Mathews summarized the items up for consideration and asked the members to complete their ballots. Staff collected the ballots and tallied the vote.

VII. General Discussion

A. Events and Warren Station Update

Upcoming events were discussed in great detail for the River Run Village area and the Resort as a whole. The KNC is working more in tandem with the resort to create more vibrant atmosphere and offering a variety of entertainment to retain visitors and increase guest nights. The mission statement drives visions and goals to provide the right entertainment, year round.

Vibrancy drives overall room nights attracting more visitors and also adds value to the KNC member investment. Keeping the festivals and event line up very busy, contributes more energy and activity to the resort. The KNC events team is working successfully with the merchants and the Keystone Resort marketing team to collaborate and bring more awareness to the new events lineup. New and varied, family-focused events, marketed and packaged, making Keystone a great attraction for a family destination.

B. Member Questions / Comments

The general discussion began with Mr. Mathews recognizing previous Executive Board members, Steven Straight and Larry Mills, for their tireless efforts they put into the KNC Executive Board.

Q: Can there be a fitness facility in the River Run area?

A: More discussion about the pros and cons of an Association run fitness center as an option, but determined not a feasible task. Mr. Mathews summarized an analysis and at this time, and for the foreseeable future it is not feasible, but assured the members that the demand or need will be monitored over time.

Q: Members requested additional information on the ice rink?

A: Discussion ensued regarding concerns about the 'cost' of losing the KNC parcel where the ice rink will be located. The 15-year agreement with the Resort for use of this parcel is justified because the KNC will not have funds to develop the property for at least 15 more years. Members were assured that there is no cost to the KNC and the members for construction or the ongoing maintenance costs of the facility. The main goal of the new ice rink is to provide a new venue/attraction for visitors, families and members. Mr. Buhler will address this more in the Keystone Resort portion update.

VIII. Election and Voting Results

Mr. Mathews read the results of the voting in which Audit Resolutions #1 and #2 as well as Other Matters were all approved by the quorum of members.

Brad Dempsey is the newly elected At-Large Residential Director.
Bob Lepkowski is the newly elected River Run Residential Director.

Mr. Mathews determined there were no more members' questions and adjourned the meeting.

IX. Set Next Meeting Date

Friday, November 18, 2011 in Warren Station at Keystone from 2pm – 5pm

X. Adjournment

The meeting was adjourned at 3:48pm.