

THE KEYSTONE NEIGHBOURHOOD COMPANY

ANNUAL MEMBERS' MEETING

November 16, 2007

I. Call the Meeting to Order

The Keystone Neighbourhood Company Annual Members' Meeting was called to order by Ms. Pat Campbell on Friday, November 16, 2007 at 2:17 p.m. at the Keystone Conference Center.

Board Members Present Were;

Pat Campbell, President, Resort Director
Alex Iskenderian, Vice-President, Resort Director
Larry Mills, At Large Residential Director
Brad Schaeppi, At Large Director
John Boyd, River Run Residential Director
Donna Nolz, At Large Commercial Director
Doug Sims, Ski Tip Residential Director and Homeowner
Paul Jeppson, Lodge Director
Don McCoy, River Run Commercial Director

Representing the Keystone Neighbourhood Company Were;

Molly Speer, Executive Director
Heidi Stenhammer, Business Manager & Treasurer
Josh Blanchard, Events Manager
Lesley Johnson, Event Coordinator

Homeowners Present in Person Were;

Name	Lot / Unit
Jane & Gail Allaman	8470
Karen Vogt	2327
Mike & Kit Schroeder	8351
Stephen Straight	8869
Polly Drew	8283
Nancy Sims	3
David Street	8630
Deborah Collins	8836
Pat Shumate	8402
Charles Haley	8829
Mark Rosenblum	3033
Ed & Karen Dowejko	8004
Jim Griffin	8003 & 8034
Carolyn Berlakovich	2291
Jim Hutter	8418
Barbara Schwarte	8481
John & Vicki Moricz	8142

Andrew Holshoser	8385
Steve Hewson	8167
Dennis & Lynn Blum	8728
Kevin & Priscilla Ong	2274
Tom & Ann Matchett	8522

Others Present Were;

Jeff Steele, KPM
Jeff Pennette, KPM
Justin Derwick, KPM
Dottie Riotto, KPM
Tim Baker, VRDC

II. President's Report

Ms. Campbell welcomed everyone in attendance, introduced the Executive Board as listed above and reviewed the Neighbourhood Company mission statement as stated below. She also introduced Mr. Greg Perkins of Wear, Travers & Perkins who is the new Neighbourhood Company legal council.

Approval of Previous Meeting Minutes

The previous meeting minutes dated June 29, 2007 were reviewed and approved as presented.

Determination of a Quorum

It was noted that a quorum was present in person and by proxy for the budget vote. However, there was not a quorum for the At Large and River Run Residential Director positions.

Mission Statement

It is the Neighbourhood Company's mission to make the Neighbourhoods 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.

III. Executive Director's Report

Introduction of KNC Staff

Ms. Speer introduced the Neighbourhood Company staff as listed above.

September 2007 Year-to-Date Financial Reports

As of September 30, 2007 income was \$3,405,767 or 141% of budget, expenses were \$1,700,595 or 265% of budget for a net income of \$1,705,172. Notable variances include Real Estate Transfer Assessments which were 185% of budget due to higher than anticipated resale activity, Administration which is 85% of budget due to moving certain salaries out of this account and into their appropriate accounts and Common Area Maintenance which is 74% of budget due to savings in summer landscaping.

2007 Year-End Projections

It is projected that by December 31, 2007 revenue will be \$3,597,828, allocations \$537,627 and expenses \$2,180,643 for a net income of \$879,565.

2008 Operating and Reserve Fund Budgets

Ms. Speer presented the 2008 Operating and Reserve Fund budgets. The Operating budget reflects a 0% increase in revenue and a 6% increase in expenses from 2007 year-end projection. Revenue continues to be budgeted conservatively. Real Estate Transfer Assessments were based on a three year historical average. Expense increases include the addition of a staff member and additional Pavilion events including fundraising for the new permanent facility.

The Community Capital Reserve Fund reflects a \$1,354,724 beginning balance, \$350,000 in allocations, \$297,700 in expenditures for a year end 2008 projected balance of \$1,407,024.

The Community Improvements Reserve fund reflects a \$1,324,132 beginning balance, \$818,425 in allocations, \$92,000 in expenditures for a year end 2008 projected balance of \$2,050,557.

The Community Facilities Reserve Fund reflects a \$1,082,240 beginning balance, \$134,214 in allocations, \$300,000 in expenditures for a year end 2008 projected balance of \$916,453.

The vote commenced and Ms. Campbell reported that the budget passed with 2,161.97 in favor and 6 opposed.

IV. General Discussion

Cultural Arts Facility

Ms. Speer presented the latest version of drawings for the permanent cultural arts facility to be located at the east side of the Silver Mill building. The building is being designed as a multi-use facility with an emphasis on the performing arts. It will be able to accommodate performing arts, shows, fundraisers, weddings and conference

groups. The building is in the schematic phase of the planning process. The Board has authorized the expenditure of an additional \$300,000 in Facility reserves to complete the Schematic phase and hire a contractor to determine the cost of construction. Depending on financial viability, construction of the facility could commence in the spring of 2010 with an 18 month construction time line.

Winter Events

Ms. Speer briefly reviewed the 2007 – 2008 winter events which includes Mardi Gras, Blues and BBQ and fireworks in March. A discussion ensued regarding security for the 36 hours of Keystone event. It was noted that additional security staff has been hired by the Keystone property management, the Neighbourhood Company and resort operations which should help ensure that the mountain and village are secure and protected.

Board Strategy Update

Ms. Campbell noted that with the potential for increased development activity at Keystone, the Board has a strategy to look forward to the future of the Neighbourhood Company and consider the benefits of annexation of areas into the Neighbourhood Company including but not limited to the Mountain House base area. Issues such as increased revenue, increased operational costs, maintenance, future amenities and cultural alignment will be taken into account by the Board when making these decisions.

V. Set Next Meeting Date

The next meeting date will be held on Thursday July 3, 2008 from 2 – 5pm in the Pavilion in River Run. This date was selected because July 4th falls on a Friday and it was determined that Members would not want to break up a long holiday weekend with meetings on a Saturday.

VI. Adjournment

The meeting was adjourned at 3:50 p.m.