

THE KEYSTONE NEIGHBOURHOOD COMPANY

ANNUAL MEMBERS MEETING

November 19, 2004

I. Call the Meeting to Order

The Keystone Neighbourhood Company Annual Members' Meeting was called to order by Mr. Bill Pell on Friday November 19, 2004 at 2:05 p.m. at the Keystone Conference Center. Mr. Pell noted that a quorum was present in person and by proxy.

Board Members Present Were:

Roger McCarthy, President, At Large Director  
Alex Iskenderian, Vice President, Resort Director  
Bill Pell, Secretary, At Large Residential Director  
Tom Juliano, Lodge Director  
Thomas Davidson, At Large Director  
Jim Crocker, At Large, Commercial Director  
Doug Sims, Ski Tip Residential Director  
John Boyd, River Run Residential Director  
Don McCoy, River Run Commercial Director

Representing the Keystone Neighbourhood Company Were:

Keven Burnett, Executive Director  
Heidi Stenhammer, Office Manager  
Molly Speer, Operations Manager  
Josh Blanchard, Park Lane Pavilion and Events Manager

Please contact the Neighbourhood Company office for a list of Homeowners present at the meeting.

Others Present Were:

Jeff Steele, River Run Property Management  
Steve Hendryx, Property Manager  
Victor Meza, Property Manager  
Carol Culbreath, Property Manager  
Jeff Pennette, Property Manager

II. Approve Previous Meeting Minutes, Election & Voting Update

The previous meeting minutes dated July 2, 2004 were approved as presented.

Mr. Pell noted that an election for the Ski Tip Residential Director will be held at this meeting. Doug Sims is running unopposed for the position. There will also be a vote to ratify the 2005 Operating and Reserve Fund Budgets as recommended by the Executive Board.

III. President's Report

**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 create a vibrant four-season community.

**Meeting Goals and Objectives**

Mr. Iskenderian briefly reviewed the agenda for the meeting and asked everyone present to hold questions and comments relating to Resort business until the Neighbourhood Company meeting is adjourned and the Resort Update meeting begins.

IV. Transportation

Transportation services provided by Keystone Resort have been a contentious issue for the past several months due to licensing issues and revised cost allocations. Keystone Resort provided free transportation from 1973 to 1995 and with the onset of significant development in 1996, the Resort needed to charge the new developments for transportation services. Inaccuracies with the Keystone Transit license have come to light with the Public Utilities Commission so Keystone has had to obtain the correct contract carrier license. During that process the PUC required that Keystone charge all recipients of transportation services equally at \$150 per bedroom and 23 cents per commercial square foot.

The independent residential members of the Executive Board, Mr. Pell, Mr. Sims and Mr. Boyd, sought outside council to determine whether or not the Neighbourhood Company was justified in entering into a contract with Keystone for Transportation services. The legal firm reported that it was in fact a valid, justified and fair contract. Vail has since agreed to place a toll on the statute of limitations so that if any other associations are successful in suing Vail for a refund for their transportation services, than the Neighbourhood Company could still file suit against Vail for a refund of its transportation services even if the statute of limitations has expired.

Mr. Burnett researched the potential cost to the Neighbourhood Company if it were to provide transportation services. The cost for one bus, including labor and maintenance is approximately \$200,000 per year and it would take at least two busses to run loops from River Run, through Ski Tip, Trappers, Alders and Settlers Creek. This model would not include transit to any other areas of Keystone. The 2005 budget allocation for Transportation contracted through Keystone is \$277,034.

Transportation is an important part of this Resort because travelers expect it, it allows for a better guest experience, it enhances property values, it improves the mobility of both guests and residents and makes people less dependent on vehicles and parking. The newly developed transportation program is village-to-village centered, will deliver guests and residents in exterior areas of the Resort to the inner village loops, it's guest friendly, free to riders and makes frequent stops.

The cost of transportation is covered 33% by the Resort, 33% by the Homeowners and 34% by the Lodge/Conference Center. Under the new system everyone will be charged \$150 per bedroom for transit services or they will not receive the service. Transportation for the town of Vail and Breckenridge is taxpayer supported. The Beaver Creek Resort

IV. Transportation (Cont.)

Company (equivalent of the Neighbourhood Company) supports transportation in the amount of 1.3 million dollars annually and Copper transit is paid for by Property Owners and Lodging Association.

The Summit Stage provides town-to-town routes and residential routes. At one time the Stage stopped in River Run however the busses idled for extended periods of time which caused noise and odor complaints from lodging guests. Talks are currently underway with the Resort and Summit Stage officials to bring the Stage back to River Run without extended idling time.

A discussion followed regarding whether or not the new transit arrangement is fair to Homeowners. It was suggested that Keystone conduct an analysis of ridership to determine exactly who is riding the bus which would help determine the fairness of the cost allocation.

V. Executive Director's Report

**Year-End Projections**

As of September 30, 2004, Income was \$2,288,840 or 105% of the budget amount, expenses were \$1,657,998 or 108% of the budgeted amount and net income was \$630,842 or 99% of budget.

**Pet Policy Update**

The pet policy in the Neighbourhood Company Rules and Regulations has been updated to be consistent with the Neighbourhood Company Declaration which states that No dogs or cats are permitted to be kept within the Neighbourhoods at Keystone without prior written consent of the Colorado Division of Wildlife.

The intent of the updated pet policy is for each Homeowners Association to have the authority to maintain a no pet policy in regards to pets within the common elements of that individual HOA. It could also exercise the right to change the pet policy if deemed appropriate by that HOA and approval was granted by the CDOW. It also allows for developers of new projects to opt to have pets permitted. The Neighbourhood Company will allow pets to be in its common areas under its governance such as roadways, pathways and plazas. There will continue to be a no pet policy during public events within River Run village. Signs will also be posted throughout River Run stating that pets must be on a leash. The Summit County statute will apply to all other areas within Neighbourhood Company territory which states that pets must be within [calling distance] .

If owners ever have issues with animals in the area (i.e. excessive barking, tied up to a tree without supervision, etc.) they may call Summit County Animal Control and report that there is an animal in distress and an animal control officer will be dispatched immediately.

**2005 Operating Budget**

The 2005 Operating budget reflects \$2,511,644 in revenue, \$2,143,829 in expenses and \$367,815 in reserve fund allocations. Revenue is comprised of 46% from Annual Real Estate Assessments, 32% from Real Estate Transfer Assessments, 11% from Events, 7%

V. Executive Director's Report (Cont.)

from Sales and Recreation Assessments and 4% miscellaneous. Expenses are composed of 19% in General/Administration, 19% in Plaza Maintenance, 13% in Transit, 19% in Events, 10% in Road Maintenance, 8% in CAM charges, 4% in Security, 3% in Insurance, 4% Pool Maintenance and 1% depreciation.

The depreciation portion of this budget reflects an annualized expense to finish Silver Mill F-4 as the new Neighbourhood Company office. An agreement has been made with the Silver Mill Homeowners Association that allows for the Neighbourhood Company to have access to the Silver Mill common area bathrooms in exchange for use of the new Neighbourhood Company conference room. This conference room will be designed for use by up to 20 people and will be accessible to all Neighbourhood Company Homeowner Associations for Board meetings.

**2005 Reserve Fund Budget**

The 2005 Capital Reserve Fund Budget reflects \$250,000 in allocations and \$129,266 in expenses which include repair or replacement of current assets such as roads, bridges, lamp posts, pavers, board walks as based on the latest Reserve Fund Study dated August 2002. The 2005 year end projection of this fund is \$1,075,294.

The 2005 Community Facilities Fund Budget reflects \$117,815 (the required 10% of the Annual Real Estate Transfer Assessment) in allocations and zero dollars in expenditures. The 2005 year end projection of this fund is \$575,757.

The 2005 Community Improvements Fund Budget reflects zero dollars in allocations and \$118,000 in expenditures including adding an exterior park called Warren Station at the

Park Lane Pavilion (named after the original stage coach stop in that location), banners, holiday decorations and landscaping improvements. The 2005 year end projection of this fund is \$574,037.

VI. Vote

**Ski Tip Residential Director**

Mr. Pell reported that Mr. Sims has been reelected as the Ski Tip Residential Director with 47.2 votes in favor and zero opposed.

**2005 Operating and Reserve Fund Budgets**

Mr. Pell reported that the 2005 Operating and Reserve Fund budgets have been ratified with 2,208.97 votes in favor and 9 opposed.

VII. New Business/General Discussion

Mrs. Spencer asked that the bus drives be reminded to drive slowly down Ida Belle Drive and River Run road due to increased pedestrian traffic.

Mr. Dowejko commented that a fitness center should be located in River Run and be accessible to guests, homeowners and the general public. Mr. Burnett agreed to gather a group of individuals to discuss issues such as location and cost allocations.

VII. New Business/General Discussion (Cont.)

Mr. Ferris commented that the various Food and Beverage entities consider hosting a Country Dance night which is no longer offered anywhere in Summit County. Mr. McCarthy agreed to raise this suggestion with the individual in charge of Keystone Food and Beverage.

It was noted that on several occasions noise traveling from bars and restaurants has been excessive and disturbs people trying to sleep. Mr. Burnett commented that people should call guest services at 496-4000 and have security dispatched to correct the problem. The Neighbourhood Company office should also be made aware of the problem by calling 496-4887.

VIII. Set Next Meeting Date

The next meeting date was set for Friday, July 1, 2005 at 2:00 p.m.

IV. Adjournment

The meeting was adjourned at 4:40 p.m.