

THE KEYSTONE NEIGHBOURHOOD COMPANY

ANNUAL MEMBERS' MEETING

November 17, 2006

I. Call the Meeting to Order

The Keystone Neighbourhood Company Annual Members' Meeting was called to order by Mr. Alex Iskenderian on Friday, November 17, 2006 at 2:15 p.m. at the Keystone Lodge.

Board Members Present Were;

Roger McCarthy, President, At Large Director
Alex Iskenderian, Vice President, Resort Director
Larry Mills, At Large Residential Director
Thomas Davidson, 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

There were 31 Homeowners Present in Person

Others Present Were;

Patricia Campbell, Keystone COO
Jeff Steele, River Run Property Management
Jeff Pennette, Property Manager
Carol Culbreath, Property Manager
Justin Derwick, Property Manager

II. Approve Previous Meeting Minutes

The previous meeting minutes dated June 30, 2006 were reviewed and approved as presented.

Mr. Mills noted that a quorum was present in person and by proxy for purposes of convening the meeting, the budget vote and the election for the River Run Residential Director and the Ski Tip Residential Director.

III. President's Report

Mr. Iskenderian welcomed everyone in attendance and introduced the Executive Board as listed above. Mr. McCarthy introduced Keystone's new COO, Patricia Campbell and Ms. Campbell gave a brief introduction of herself. Mr. McCarthy noted that Ms. Campbell will be replacing his position on the Board sometime in the near future.

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.

IV. Executive Director's Report

Introduction of KNC Staff

Ms. Speer introduced the senior staff members of the KNC as listed above.

September 30, 2006 Year-End Projections

As of September 30, 2006, the Neighbourhood Company had \$4,231,655 in assets and liabilities. Revenue was \$3,285,048 or 177% of budget, expenses were \$1,700,549 or 103% of budget and net income was \$1,584,500.

Notable variances were Real Estate Transfer Assessments which were 225% better than budget. Common Area Maintenance was at 116% of budget due to beetle kill and tree spraying and irrigation repairs. Events were at 125% of budget due to increased expenses for festivals including musicians/stage acts, staffing and additional front range marketing and supplies.

2007 Operating Budget

Ms. Speer reviewed the proposed 2007 budget which reflects an overall increase in revenue over 2006 year-end projection of 4%. Expenses reflect an overall increase of 8%. The total budgeted revenue which matches expenses for a zero based budget is \$2,193,572 which includes \$537,620 in allocations to the reserve funds.

2007 Reserve Funds Budget

The 2007 Community Improvements Fund reflects a starting balance of \$876,457, \$174,455 in expenditures and \$81,536 in allocations for a year-end balance of \$783,538. Proposed expenditures include event improvements, landscaping improvements, a public sculpture and pavilion at Keystone improvements.

IV. Executive Director's Report (Cont.)

The 2007 Capital Reserve Fund reflects a starting balance of \$1,135,294, \$360,258 in expenditures and \$350,000 in allocations for a year-end balance of \$1,125,036. Proposed expenditures include signage replacement, curb/gutter replacement, equipment repairs/upgrades, lighting projects, road sealing/paving and streetscape necessities.

The 2007 Facilities Reserve Fund reflects a starting balance of \$687,805, \$91,713 in expenditures and \$106,084 in allocations for a year-end balance of \$702,176. Proposed expenditures are for architectural renderings of the permanent pavilion.

V. Vote

The two candidates for the River Run Residential Director position, Stephen Straight and John Boyd, gave a brief speech regarding their attributes for the position.

The vote commenced and the results are as follows:

2007 Operating and Reserve Fund Budgets – 2,246.97 in favor and 7 opposed

River Run Residential Director – 103 for John Boyd and 74 for Stephen Straight therefore John Boyd will remain in the position.

Ski Tip Residential Director - 50 in favor of re-electing Doug Sims

VI. New Business / General Discussion

Winter 2006, Summer 2007 Events

Ms. Speer discussed winter and tentative summer schedule of events.

Permanent Pavilion Facility

Ms. Speer has been working on plans and programming for the new multi use facility to be built within 3-4 years in River Run. The site has been established as where the Pavilion tent currently stands.

A discussion ensued regarding the programming of the permanent pavilion and whether or not it will have raised seating. It was noted that raised seating will prohibit additional uses of the building such as weddings and conference groups which can potentially be a significant source of revenue for the Neighbourhood Company. The Board spent a great deal of time discussing the programming in previous Board meetings and determined that it needs to be first a performing arts facility with the flexibility to host weddings and conference groups. Architectural building plans should be available for member viewing at the June 2007 meeting.

VII. Set Next Meeting Date

The next meeting date will be held on Friday, June 29, 2007 from 2 – 5pm in the Pavilion at Keystone (tentatively).

VIII. Adjournment

The meeting was adjourned at 3:05