

VAIL RACQUET CLUB
Annual Owners Association Meeting
Saturday – August 18, 2007

Draft

Board of Directors Attendees:

Fred Witsell	President
Vernon Taylor	Secretary
Mark Christie	Board Member
Richard Moothart	Board Member
Kim Dixon	Board Member
Tom DuBois	Board Member
Ron Sorrells	Board Member
Ed Stevenson	Board Member

Joe Adams	CPA EKS&H
Matt Ivy	Association General Manager
John Russell	Association Controller
Beth Hensel	Taking Minutes

Call to Order:

The meeting was called to order at 2:40 pm. Mr. Taylor stated that a quorum was established and notice of the meeting was proven.

Approval of the July 28, 2006 Meeting Minutes:

Mr. White, Unit #5-10, made a motion to waive the reading and approve the minutes of the July 28, 2006 annual meeting as presented. Mr. Colley, Unit #10-17 seconded and the motion passed unanimously.

Report of the President:

Mr. Witsell introduced the members of the Board of Directors. He made a statement on the sales of units in Building 15 and explained that 2 units had been sold and that 2 units were still available and currently listed. He said the financial statements were overall better than budget and compliments go out to Matt Ivy and his management team. He said that the remodel of the Club was a great move for the Association and has helped property values. Although, he said that property valuations by the county this year seemed high for some properties and some individual owners successfully contested the valuations with the County Assessor. He stated that maintenance issues are a main focus of the Board lately and the Board sees it is prudent to reinstate the 6% annual increase of dues for "pay as you go" maintenance concerns.

Report of the Treasurer:

Joe Adams of EKS&H CPAs explained that his firm performed a review this year. He said in the Accountants' Review Report that the firm gave the Association a clean review opinion. Mr. Adams then reviewed the Balance Sheets explaining that the Associations numbers were favorable from last year and in good standing. He then reviewed the Statement of Operating Revenue and Expenses and said there was a good increase in room revenues. He then briefly reviewed the Statement of Changes in Fund Balances, Statement of Cash Flows, Notes to the Financial Statements, Homeowner and Club Combines Balance Sheet, Combined Statement of Operating Revenue and Comparison of Operating Schedules to Budgets. He briefly explained the variation of the depreciation and then the Capital Reserve Schedule. An owner asked about the sales of the Building 15 units. Mr. Adams explained that the proceeds are divided 70% rental program and 30% homeowners which is a historical allocation for the rental of the office space.

Report of the Manager:

Mr. Ivy expressed his appreciation for such a good homeowner turnout and he thanked everyone for their interest in their association and for the proxy returns.

Introduction of the Managers-

Mr. Ivy introduced:

- John Russell – Controller
- Steve Loftus – Maintenance
- Lindsay Kerwood – Administration Assistant/Refurbishing Coordinator
- Annie Ortega and JR Cruz – Housekeeping
- Sandra Perrig – Front Office Manager
- Erica Wible – Group Sales Manager
- Christine Wight – The Lodging Operations Manager is currently on a business trip marketing the Vail Racquet Club in Germany.

Real Estate Value at VRC-

Mr. Ivy reported on the 27 sales at the Vail Racquet Club in the past year. There were 9 1-bedrooms sold with a high selling price of \$390,000, 14 2-bedrooms with a high selling price of \$630,000, 0 3-bedrooms and 4 townhomes with a high selling price of \$818,000. He said currently there are 12 units for sale with 2 1-bedrooms, 7 2-bedrooms and 3 townhomes. He said the average sales prices had increased from last year with 15% increase in 1-bedrooms, 7% increase in 2-bedrooms and 13% increase in townhomes.

Rental Update-

Mr. Ivy said it was a good year in spite of below average snow. He reported that a new position was created last year for the wholesale market and the position had helped produce the increased business.

Bear Proof Containers-

Mr. Ivy said the new dumpster enclosures were great improvements both practically and aesthetically. He asked that the homeowners use caution on the property due to the bear activity.

Tree Spraying for Pine Beetle-

Mr. Ivy reported the Association was actively spraying the trees for the pine beetle infection but had lost and removed 4 trees this summer and has identified 5 more trees that may be lost next summer.

Neighboring Property's Special Assessments-

Mr. Ivy reported River Bend and Mountain Meadows are conducting extensive remodels with large special assessments ranging from \$45,000/unit to \$75,000/unit. He stated that the 6% increase in dues would not be going toward operating, but instead would be going directly to the maintenance capital reserves to help prevent that kind of special assessment from happening at the VRC for routine maintenance issues.

Town of Vail Improvements-

Mr. Ivy reported there were numerous building projects in Vail such as Arabelle, Four Seasons, Ritz and Front Door Project. He said this activity will only benefit the VRC and the beauty of East Vail will continue to keep the mid-range property values in demand. He said that attracting employees and the employee housing issue would continue to be a hot topic as more of these properties are completed.

In closing, Mr. Ivy stated the Association had a great year of operations and the future looks positive for the VRC.

Ms. Bortz Unit #8-03 asked if the cutting of the dead trees helped the other trees stay healthy. Mr. Ivy said once the tree appears dead the pine beetles have likely moved from the infested tree but removal helps visually and mitigates fire danger. She then asked if the removed trees were being replaced with new plantings. Mr. Loftus explained that they have been planting many more trees than have been lost. She then asked about the recycling issue. Mr. Ivy explained that the Board had looked into recycling on site but hasn't been able to identify a plan that would work. He added that the Town of Vail is planning to put a recycling center in the East Vail area in the near future.

Mr. Loshak, Unit #11-16, asked how many units are in the rental pool. Mr. Ivy said over the summer the number dropped to 92 but those numbers usually increase to around 106 in the winter.

Ms. Rudolf, Unit #14-17, asked how many units are on the property. Mr. Ivy said there are 311 individually owned units.

Mr. Nordeen, Unit #10-20, asked for an update on the I-70 noise issue. Mr. Ivy said the Town of Vail has been actively looking into the problem with a current solution of monitoring speed with patrol cars to slow the traffic and reduce noise created by speeding vehicles and trucks. He said the communities along I-70 have formed an I-70 Coalition in order to address the impact of the highway. He said that CDOT is looking into possible solutions such as increasing the lanes going up Vail Pass to 3 and installing sound barriers, but they are only long range plans with no funding solution. Mr. Ivy suggested that homeowners write letters to the town council in order to keep the issue as a major topic of concern.

Mr. Witsell thanked Mr. Ivy for his work and a successful year.

Candidates for Board of Directors:

Mr. Taylor stated that there are 3 declared candidates for the 3 openings on the Board of Directors. He said these candidates were Richard Moothart of unit #5-13, Mark Christie of unit #3-13 and Michael Bloom of townhome G5. Mr. Taylor then opened nominations from the floor. There were no nominations from the floor and nominations were closed.

Report of Committees:

Mr. Ivy said that in the homeowner packet there is a handout explaining the various committee activities.

Mr. Mitchell, Unit #3-01 asked what the situation is with retiring debt. Mr. Witsell explained that there were lots of options and the only debt the Association carries currently is about \$1,100,000 on the garden level units and that the Board plans to pay down the note with the sales of the remaining units of Building 15. Mr. Sorrells, who is on the Long Range Planning Committee, said his committee recommended the plan to pay down the note stating it would free up money that would be contributed to the Capital Reserve for the Association.

Mr. Littman, Unit #7-10 asked if the garden level units are still employee housing. Mr. Ivy said they are not deed restricted but are still used as employee housing. He said that the decision was made by the Board not to sell these units and that the cash flow is positive from the rental of those units.

Mr. Turteltaub, Unit #6-02, asked who was handling the sales of the Building 15 units, what was their status and how was the traffic. Mr. Witsell said Ellie Manzi of Slifer, Smith, and Frampton was handling those sales. He said she felt the units were priced properly and she thinks the next 6 weeks would be active in the real estate market.

Election of Directors:

Mr. Taylor asked each candidate to address the meeting with a short bio and reasons for running. After all candidates spoke, secret ballot voting took place and ballots were collected and counted while the meeting continued.

Unfinished Business:

There was no unfinished business.

New Business:

Mr. Witsell asked for questions and comments from the floor.

Mr. Bruggemann, Unit #14-18 said he sees people try and use the back service entrance to access the Club and asked for a sign to be posted to direct people to the correct entry. Management agreed to do so.

Ms. Dowd, Unit #L2 asked if there could be signage placed on Bighorn Road for directions to the Club. Mr. Ivy said that the Town of Vail won't allow off-property directional signage.

Mr. Schmuki, Unit #1-09, said that Building 1 Unit 10 deck had lots of clutter. Mr. Ivy said he would have maintenance look at the deck violations at the beginning of the week. He said there are rules for what can be placed on decks and that they would inform the occupants and enforce the rules.

Mr. Swenson, Unit #9-13 asked for a storage unit update. Mr. Witsell said the Board put that on hold due to a so-so response from the homeowners to support the project. Mr. McCoy, Unit #3-12 suggested that a large deposit be asked of homeowners as an indication of interest to make it more viable. Mr. Witsell said that would be considered.

Ms. Lamberson, Unit 9-3 asked about the sidewalk issue as they are in bad shape and crumbling. Mr. Ivy said there is no exact timeline but there is a 10 year capital plan with money budgeted for replacement. She then asked about the decks and their plan. Mr. Ivy said the new deck system on Building 8 worked well and the Board plans on doing a phased program on the top decks with a couple of buildings per year.

Mr. Colley, Unit #10-17, voiced his concern with regard to non-residents and non-guests using the parking for skiing. Mr. Witsell said the Board is aware of the concern and tries to be diligent in policing it. He said that some people who are staying at the VRC drive from their units and park in Club lot in order to be close to the bus. He said they have discussed many different solutions but no plausible one has been found. Mr. Turteltaub, Unit #6-02 asked about a gate installation. Mr. Ivy explained that there are 9 entrances to VRC and that in exploring that option the expense was cost prohibitive.

A homeowner asked if a redesign of the railings had been discussed. Mr. Witsell said the Board had not reached a point to make that decision but said they would.

Ms. Walker, Unit #3-5, voiced her thanks to the Board and management for their efforts toward the property's value and maintenance. She then asked if solar panels or other green options had been looked into for the property. Mr. Witsell said there is no plan currently but the Board is always open to options. Mr. Loftus did say that Maintenance is testing compact fluorescent light bulbs on property.

Mr. Berhenke, Unit #4-13, stated that in last year's financial report regarding the replacement reserve seems identical to this year. Mr. Ivy said the overall plan is keep the costs current but they do not put every item out to bid each year. He said the difference in the reserve balance was due to greater expenses in the Capital Plan than funding. However, with the Board's increase in dues of 6% being designated to the reserve and the paying down of the debt; the

reserve should reach and maintain the Board's goal of a \$500,000 balance. Discussion followed with a detailed explanation by Mr. Sorrells.

Ms. Davies, Unit 14-23, asked if signs could be used for parking issues in the winter. Mr. Witsell explained there are signs on property for that purpose.

Mr. Mitchell, Unit #3-01 asked management to write a letter on behalf of the homeowners regarding the noise on I-70. Mr. Ivy explained they would be happy to do that again this year.

Mr. Littman, Unit #7-10, asked how the VRC's dues with the 6% increase compare in the valley with other associations. Mr. Ivy stated that in East Vail they compare favorably when you subtract out the \$80/month for the Club. He said the closer to the Village you get, the dues start doubling and the VRC looks very favorable in comparison. He added that at the VRC, 21% of the dues go towards the capital reserve and other properties are not as fiscally prudent.

Election Results:

Mr. Taylor reported that all 3 candidates were elected to the Board of Directors. Mr. Witsell invited any homeowner to run for the Board in the future.

Approval of the Actions of the Board of Directors:

Ms. Dodge, Unit #J1, made a motion to approve the 2006-2007 Actions of the Board of Directors. Mr. Nordeen, Unit #10-20, seconded and the motion passed unanimously.

Adjournment:

The meeting was adjourned at 4:15 pm.