

**VAIL RACQUET CLUB
ANNUAL OWNERS ASSOCIATION MEETING
Saturday - August 16, 2008
*Unapproved***

Board Attendees:

Fred Witsell - President
Vernon Taylor - Secretary
Kim Dixon
Richard Moothart
Ron Sorrells
Tom DuBois
Mark Christie

Matt Ivy	Association General Manager
Todd Jackson	Association Controller
Joe Adams	CPA EKS&H
Beth Hensel	Taking minutes

Call to Order:

Mr. Witsell called the meeting to order at 2:32 pm. Mr. Taylor verified a quorum and notice of the meeting was proven.

Approval of the August 18, 2007 Meeting Minutes:

Mr. White #5-10 made a motion to approve the August 18, 2007 Annual Homeowner meeting minutes. Mrs. Dodge J-1 seconded and the motion passed unanimously.

Report of Officers

President:

Mr. Witsell introduced the members of the Board. He reported that the year ending May 31, 2008 was a banner fiscal year and that in addition to the good snow the sales efforts in the Rental Operation produced great returns.

Mr. Witsell recognized Vernon Taylor for his 17 years of service to the Board and thanked him for his dedication and commitment over the years. He said the Association appreciates the positive impacts which he has had on the Board and that his participation will be missed.

Mr. Taylor then said a few words about his service on the Board of Directors stating that the Association has consistently moved forward. He also thanked the Homeowners for their support and said the current Board is very strong.

Report of Officers-Treasurer:

Joe Adams presented the Financial Statements and Accountants' Review Report from EKS&H. He said his firm completed a Review this year as the Association

is on a 5 year cycle with Audits. He said the Association's finances were in accordance with the Statements on Standards for Accounting and Review Services and gave the Association a clean review.

Mr. Adams then reviewed the Balance Sheets for the Homeowners and Rental Operation comparing it with last year's numbers. He said they show a strong current ratio. He then explained the Statements of Operating Revenue and Expenses and said the assessments and revenue were up while the direct expenses were kept consistent with last year. Mr. Adams said that thanks are due to management for the Association having a very strong year and keeping expenses low. Mr. Adams then explained the Statement of Changes in Fund Balances and the Statement of Cash Flows. He said no big changes were made to the Notes to Financial Statements and said they were standard disclosures for how the Association does their accounting. He then briefly reviewed the Homeowners and Club Combined Balance Sheets and Operating Revenue and Expenses. Mr. Adams explained the required disclosure of the Future Major Repairs and Replacements was not reviewed and that there was a statement added stating the deck replacement costs had yet to be determined and were not included in the study.

Report of Known Candidates for the Board of Director Election:

Mr. Witsell explained there were 3 positions open, each for 3-year terms. He said the candidates currently were Tom Dubois (incumbent), Kim Dixon (incumbent), Richard Carlson and Monika Perry.

Report of Manager:

Mr. Ivy said he was pleased to see so many owners in attendance and he appreciated their interest and efforts to come to the Annual Meeting.

Mr. Ivy introduced the management team of the Vail Racquet Club -
Steve Loftus – Director of Maintenance
Todd Jackson - Controller
Christine Wight – Lodging Operations Manager
Iris Nelson – Maintenance Office Manager
Sandra Perrig – Front Desk Manager
JR Cruz – Housekeeping Contractor
Lindsay Kerwood – Administrative Assistant, Refurbishing and Retail Manager
Erica Cannava - Group Sales Manager

Sales Information-

Mr. Ivy reported that the market had slowed and there were only 14 units sold from August 07-August 08 in comparison to an average of about 30 units per year. He said the sales for 1-bedroom units ranged from \$335,000-\$357,000, 2-bedroom units ranged from \$480,000 to \$630,000 and one town home sale at \$855,000. He said there were currently 23 units listed for sale with 1-bedroom units ranging from \$319,000 to \$399,000, 2-bedroom units ranging from

\$479,000 to \$640,000, 3-bedroom units ranging from \$695,000 to \$715,000 and Townhomes ranging from \$765,000 to \$849,000.

He said the VRC property values have stayed steady or appreciated slightly and have not decreased in value. Also, once again in 2007, the values at the VRC have increased at a faster rate than the surrounding East Vail neighbors.

Mr. Ivy said the Association had a great financial year and gave the following updates:

Bear-proof Garbage Enclosures-

Mr. Ivy stated that the bear-proof garbage containers were successful. There have not been as many bear encounters and they are more aesthetically pleasing.

Walkway Heating and Landscaping-

Mr. Ivy said the walkway around the west side of the Club building and through the tennis court plaza area had been heated for snow melt and that it was now safer. He said the main entrances to the Townhomes were newly landscaped and now present a better sense of arrival.

Building 6 Decks-

Mr. Ivy offered further information on the deck project and explained that the top level was a sealed surface deck system and on the bottom levels of the new deck surface was a composite material called EverGrain.

Building 15 Sales-

Mr. Ivy said that all 4 units were now sold and the Association received good prices. Now that the project is complete and based on its ownership of the space, 70% of the proceeds went to the Rental Operation less 70% of the costs. The Rental Operation used the surpluses to purchase its office space from the Association in the remodeled Club building. The Association used this money from the Rental Operation along with their surpluses from the office space sale to pay down the note for the Garden Level Rentals (GLR). The Board has now designated the surpluses from the GLR operation to help fund the HOA Capital Reserves.

Rental Program-

Mr. Ivy said the Lodging Operation will be installing new electronic key card locks and the Rental Participant meeting will be in the fall. Also, he said reservations over the internet and in the wholesale, group and international markets were all up this past year and contributed to the best revenue year ever.

Pine Beetle Update-

Mr. Ivy said they are spraying trees on property and are replacing the dead trees with more trees than they are removing. He said the Forest Service is predicting

a 90% loss in Lodge pole pines within the next few years.

Highway Noise Update-

Mr. Ivy said the I-70 Coalition is in place and the Town of Vail is aware of the issue. He said there is paving going on this summer with a quieter asphalt but won't extend past the East Vail exit. He encourages all homeowners to write the Town government (www.vailgov.com) to keep the noise issue forefront.

Parking Passes-

Mr. Ivy reported the parking pass program overall was successful and aided in snow removal efforts. He said the Association would be continuing with the program and reminded the owners that guests should get passes from the front desk.

Homeowner Website-

Mr. Ivy said the homeowner website is located at the bottom of the www.vailracquetclub.com site and has lots of useful information such as monthly letters, by-laws, declarations, meeting minutes and upcoming events.

Special Assessments-

Mr. Ivy said within East Vail there are several complexes that are issuing special assessments such as Riverbend with a \$50,000 for exterior renovation, Mountain Meadows with over \$100,000 and Courtside with a planned \$45,000 for painting, windows and doors. He said the improvement projects seem to be following what is happening in Vail and that several new high end properties are being constructed including Solaris, Four Seasons and the Ritz Residences with the Fairmont and EverVail to follow.

Platinum Service Award-

Mr. Ivy reported that for the 5th year in a row the VRC has received the Platinum Service Award and is the only lodge in town to achieve this honor for 5 consecutive years.

Mr. Witsell gave his, the Board's and the homeowner's thanks to Matt Ivy and his staff for the great job they have done and the service they deliver.

Report of Committees:

Mr. Witsell said the Committee Reports were on a handout, but he would like to have Ron Sorrells, Chairman of the Building and Grounds Committee, offer a verbal report.

Building and Grounds Committee-

Mr. Sorrells reported that the decks are a priority of the Board of Directors. He said that in completing the Building 6 deck project they had learned a lot; came in under budget and that the project took 3 months to complete. He said there were no special assessments at this time and the Association did continue with the

annual 6% increase in dues to fund reserves. He said that funding is adequate for ongoing projects and upkeep, but not enough for the total deck replacements.

He said the next phase of the deck replacement project is planned for Buildings 14 and 15 and should take place next summer. He said it would take about 6 years to complete all of the decks at an estimated cost of \$8-10 million. He explained that the Board is currently working on the financial plan and researching options. He added that after the decks are complete, the Board would be looking at projects to update the Townhomes as well.

Election of Directors:

Mr. Taylor explained there were 3 positions open on the Board of Directors and currently 4 candidates running. He explained that the candidate's foremost responsibility is to look out for the best interests of the Association and to be a leader by setting an example and following the rules. He said having a mix of rental and non-rental homeowners is important for the Board.

Mr. Taylor asked for nominations from the floor. Larry Merkel #5-11 nominated Nathan Forrester #5-16. There were no other nominations from the floor and the nominations were closed. Mr. Taylor asked that the candidates come to the front of the meeting and introduce themselves and explain why they were interested on serving on the Board. Richard Carlson, Kim Dixon, Tom DuBois, Monika Perry and Nathan Forrester all gave introductions and then secret ballot voting took place and the ballots were collected and counted while the meeting continued.

New Business:

Mr. Witsell asked for questions from the homeowners.

Michael Turtletaub #6-2 asked what line item in the budget are the expenses for Board of Director travel taken into account. Mr. Ivy said it is a budgeted item under other operating and there was approximately \$12,000 budgeted last year for homeowner events and Board meeting costs.

Ed Abramson #2-3 asked why there had been no light on Building 2 and that his guests had a hard time finding his unit. Mr. Ivy said to his recollection there had never been a light on the stair tower and that they are looking into it and following the proper process with the Town of Vail to do so.

Phil Weinstein #1-12 asked if the storage units were still under consideration. Mr. Witsell said now that the units in Building 15 have sold, the Board will now look into that project and are dealing with fire code issues. Mr. Weinstein then said he was told this winter to contact police regarding excessive noise in a unit after hours. Mr. Witsell explained that with so many units it is difficult to police and it is a difficult issue for management.

Harold Purcell #9-11 said that the parking permit sticker placement should be on the back window of the vehicle. He also said the garbage enclosures are very smelly in the summer and should be kept open during the day. Mr. Loftus explained that most animal problems are caused by the magpies that are around during the daytime and adding ventilation is bad for fire danger. Discussion followed.

Dan Johnston #15-9 asked if there was any possibility of a youth center at VRC such as ping pong or air hockey. Mr. Witsell said that was a good suggestion and the Board would discuss the idea.

Werner Bruggeman #14-18 asked how the VRC plans on paying for the deck work. Mr. Witsell said the Board is looking into all financial options and will be discussing them in the November meeting. Mr. Sorrells added that Building 6 was paid in full.

Polly Alpert #14-21 asked how the deck work would impact full time residents. Mr. Sorrells said they dealt with that in Building 6 and the buildings would not be habitable during the work. He said that relocation of residents into unused rental units is one solution.

Susan Abramson #2-3 said she had issues with the snow removal last winter and that the stairs were not done in a timely manner. Mr. Loftus explained the snow removal priorities and that due to the excessive snow last winter, it was difficult for removal to be complete after each storm. Mr. Witsell said the Board would look into snow shovel placement and cinder options.

Ms. Grant #G-1 asked how many stickers each family gets for parking. Mr. Ivy said they issued 2 per family and to please ask Lindsay for additional stickers if you need them for family member cars.

Harold Purcell #9-11 asked what the ratio was for parking spaces to units. Mr. Ivy explained that there were not enough parking spaces when the VRC is at full capacity because of snow and people driving up in more than one car.

Election Results:

Mr. Taylor reported the new Directors for the Board are Kim Dixon, Monika Perry and Nathan Forrester.

Approval of the 2007-2008 Actions of the Board of Directors:

Jean Dodge #J-1 made a motion to approve the 2007-2008 actions of the Board of Directors. Dick White #5-10 seconded and the motion passes unanimously.

Adjournment:

The meeting was adjourned at 4:20 pm.