

VAIL RACQUET CLUB
Owners Association Annual Meeting
Saturday– August 20, 2011
Approved

Call to Order:

The meeting was called to order at 2:13 pm.
Notice of the meeting was proven and a quorum was verified.

Approval of the 2010 Annual Meeting Minutes:

Mr. White (5-10) made a motion to waive the reading of the 2010 Annual Meeting minutes and approve as presented. Mr. Bowen (9-15) seconded and the motion passed unanimously.

Report of Officers:

President's Report

Richard Moothart welcomed everyone and introduced the Board of Directors. He then spoke about a number of accomplishments which had occurred over the last year. These included the Comcast deal which will save owners up to \$120,000 per year, the opening of the Alpine Tavern and Wendy's Coffee Shop which has been appreciated and well-received, the new asphalt at Building 6 to Building 8 and the heated walkway to the Townhomes among others.

Dr. Moothart commented on parking and thanked the owners for following the parking regulations. He said that management paid close attention to parking and permits during the last winter and most of the parking "poaching" was found to be owners and guest of owners instead of outside people.

He then voiced appreciation to maintenance for the impressive clean-up of the trees which fell in a microburst this summer. He said their response was very fast and everything was cleaned up immediately.

Dr. Moothart closed his comments stating that he was pleased to say that the monthly assessment increase was waived this year.

Treasurer's Report

Mr. Ivy introduced Joe Adams, a principal with the Association's CPA firm of EKS&H.

Mr. Adams explained that his firm performed a review this year and an audit the prior year and they gave the Association a clean review with no issues.

Mr. Adams reviewed the Balance Sheet and the Statements of Operating Revenue and Expenses. He said that it showed a good job on management for controlling expenses. He stated the operating loss on Rental was driven by revenue shortfall.

He noted on the balance sheet that “current ratio” is at a value of 2 versus benchmark for “good” of 1, a favorable result. He then reviewed the Statement of Fund Balances, Statements of Cash Flows and explained the changes in cash balances.

He explained that the Notes to the Financial Statements starting on page 7 have no significant changes from last year.

Questions regarding the financial report:

Peter Lathrop (4-14) asked if the HOA pays for the Rental operating loss? Mr. Adams replied no. He said that the Lodging Operation is treated as a separate entity and has a separate reserve fund.

Mr. Lathrop also asked why was there a rental shortfall in a record snow year? Mr. Ivy replied that there were several contributing factors including the loss of the restaurant which affected group business leaving the operation the prior summer \$200k behind revenue before entering winter; there was also employee turnover, the new software system installation and severe price cutting and competition from in town discounting.

Mr. Adams was then asked what is the source of the increase in cash? He replied, referring to page 6 of the statements, that depreciation is a non-cash expense and when added back to net income this increased the cash balance.

Mr. Adams then reviewed pages 24-25 and said that the 10-year Capital Plan is required, but is unaudited by his firm.

Overall, Mr. Adams summarized that the Association has a strong balance sheet, good expense control, and the only negative variance this year was a revenue shortfall in rental.

Report of Known Candidates:

Secretary, Ron Sorrells reported on the known candidates stating that Belinda Carlson (11-2), Kim Dixon (5-12), Richard Moothart (5-13) and Monika Perry (8-10) had all expressed their interest in running for election to the Board. Mr. Sorrells said the floor would be open for nominations later in the meeting and that everyone would have the opportunity to introduce themselves.

Manager’s Report:

Mr. Ivy introduced his management team:

Lindsay Stadler – Administrative Assistant, Refurbishing and Retail Manager

JR Cruz – Housekeeping Contractor

Craig Holst – Club Manager

Steve Loftus – Director of Facilities and Grounds

Todd Jackson – Director of Finance and Controller

Christine Wight – Lodging Operations Manager

Iris Nelson – Maintenance Office Manager
Sandra Perrig – Group Sales Manager
Clay Meers – Front Desk Manager
James Cannava – Accounting Manager

Mr. Ivy then introduced the owners of the Alpine Tavern and Wendy's Alpine Coffee Shop - Bill, Tana, and Wendy Stewart. Bill Stewart addressed the owners and thanked them for their support. He then mentioned their new chef Paulo Busci and said they are seeking to be responsive to community feedback and are working to provide lighter fare with more variety. Mr. Stewart also noted that during the ProCycling Challenge the Bar, Restaurant and Coffee Shop would be open all day on 8/25 during the road closure.

Mr. Ivy continued with his report.

Real Estate Update:

Mr. Ivy stated that there were 20 units sold within the past year which is a significant increase from prior year. He said that there were 13 units currently for sale as compared to 30 a year ago which is a normal volume on market.

Over the past year unit sales were as follows:

1 Bedrooms - 9 sold, range of \$230,000 to \$326,000
2 Bedrooms – 7 sold, range of \$350,000 to \$425,000
No 3 Bedroom Condominiums
Townhomes – 4 sold, range of \$495,000 to \$665,000

The average sale price from prior year August to this year:

1 Bedrooms - \$ 306,000 to \$270,000 -12% decrease
2 Bedroom - \$391,000 to \$396,000 - 1% increase
Townhomes - \$657,000 to \$587,000 - 11% decrease

Rental Operations-

Mr. Ivy said that the Lodging Operation is on track for the best summer season on record for rentals. He spoke of plans underway to change some of the leadership in the operation and separating the sales and marketing functions from the operations so they could concentrate on revenue generation.

Software-

Mr. Ivy noted the new booking engine is up and running. He said packages will be a key part of the new system and that the Rental Operation seeks to bring greater revenue in to the property through "packages". Mr. Ivy noted that the ability for Owners to view their reservations calendar is an important function that has taken longer than expected. He now expects it to be online in the fall and intends to present a demonstration in the fall Rental Participants meeting.

Mr. Ivy noted that Club Membership cards are in production (picture ID's for Owners and Club Members). He explained that the intention is to control use of the Club facilities. He invited owners to see the Club Manager, Craig Holst, who

would be taking photo's for ID cards after the meeting. Otherwise, owners can get their membership cards at the Front Desk.

Comcast Project:

Mr. Ivy noted that the property installation took longer than anticipated by Comcast so owners will receive a credit for July service. He said that for technical problems/questions and billing issues with one's individual Comcast invoice that homeowners should please call 888-895-6504. He said the VRC will assist as we can, but the primary response will be from Comcast.

Electronic Statements:

Mr. Ivy noted that the new software has enabled time/expense savings and environmental benefits by sending electronic communications and statements. He thanked the owners who were participating and encouraged those interested to please set up their e-statements through the Accounting Department.

Use of Electronic Communications:

Mr. Ivy reported that use of email had been a successful communication tool for mailings and for the owner surveys.

US ProCycling:

Mr. Ivy noted the race will pass right by the VRC on Thursday, August 25th. He said the top 3 Tour de France finishers will be here and that Bighorn Road will be closed from 11:30 AM until 4:00 PM.

In closing he expressed thanks and pride in the property and appreciation to the owners.

Reports of Committees:

Finance- Mr. Sorrells Chairperson

The Committee's role is to act as advisors and works primarily on the budget. He noted that the year is off to a good start – projects are running well, rental revenue is good for summer, everything is tracking better than budget.

Rental-Ms. Dixon Chairperson

Noted that the shortfall was covered by Rental's own reserve fund and they are working toward a greater Sales and Marketing focus with planned incentives for the sales staff to help bring in more business. She commented on the new software and seeking to sell packages. She noted that marketing the property enhances property values all around, not just for rental and that the Lodging Quality Assurance program's Gold property rating is also good for the whole property.

Compensation- Mr. Witsell Chairperson

The Committee evaluates surveys and comparables in the Valley to ensure the staff is appropriately compensated. He indicated that the committee is evaluating

revisions to the marketing compensation plan, noting that they wish to incent higher sales in the rental program.

Building & Grounds Planning- Mr. Bloom Chairperson

Explained that the Building and Grounds had an excellent year with accomplishments and commended the maintenance staff on operations and the condition of the property's grounds. Mr. Bloom explained that the deck replacement plan is still moving forward and that the Association has completed an extensive evaluation of the decks using an infrared camera taking over 4,000 thermal images. He stated that in the next two years the committee expects to complete work on decks for buildings 1 & 2. He also noted that the project is continual and while the committee remains aware of the overall cost potential the Association will continue to use current funding over the next several years.

Club- Ms. Perry

Ms. Perry reported that the Club has strong membership numbers and noted that they will add a new elliptical, stairmaster, and rowing machine to the fitness center; the Junior Swim team participated in regional events; Yoga & Pilates have been very popular; there have been recent health talks and the clay courts were resurfaced and hard courts repaired.

Election of Directors:

Secretary Ron Sorrells led the procedures as Dr. Moothart is a candidate this year. He noted that 3 positions were up for election

Mr. Sorrells opened the floor for nominations and explained the process for nomination if one desired. There were no nominations from the floor.

Introductions of the Candidates-

Mr. Sorrells asked each of the candidates to introduce themselves and give a quick biography. All four candidates gave their introduction; Belinda Carlson (11-02); Kim Dixon (5-12); Richard Moothart (5-13); Monika Perry (8-10)

Mr. Sorrells introduced Jerry Orten the Association's Attorney. Mr. Sorrells noted that one role for Jerry in the meeting today is to ensure that the election is performed according to Colorado law.

Vote-

Ron ask for three homeowners to volunteer to be neutral and confidential for counting the ballots. The following homeowners were volunteers: Chris Barr (9-18), Bob Donohue (12-11) and Sue Rychel (7-4)

The vote was cast and the ballots were collected.

Unfinished Business:

There was no unfinished business

New Business:

Homeowner Comments:

Karen Hunn (9-19) asked when were the Comcast information packages distributed? Mr. Ivy replied that these were distributed to some units, but unfortunately not to all. He stated that there were information packets available at the front desk for anyone who did not receive one.

Annemarie Rudolf (14-17) asked how was the programming package selected and why did it not include Fox Business Channel? Mr. Ivy replied that several packages were considered, including premium channels such as movie channels, and that the current programming package was selected by the Board in an effort to provide an attractive offering to all owners. He noted that the current package includes over 70 TV channels and the number of HD channels would increase and also included music channels. He also noted that owners who desired additional programming or features could add those features to their individual Comcast accounts by ordering them directly through Comcast.

Mrs. Turteltaub (6-02) gave compliments to the Tavern and excellent job they've done.

Micheal Turteltaub asked about the status of storage units? Mr. Ivy said that the Board was reviewing the possibility and that plans were being drawn up for cost estimating. He then asked about Telephone service from Comcast? Mr. Jackson replied that Comcast service will be available in the future and also noted that the price did not yet appear very aggressive. He suggested that other VOIP (voice over internet protocol) services are available now for \$100 to \$150 per year.

Harold Purcell (9-11) commended the staff & Steve Loftus for a job well done. He also said a special thank you to Matt Ivy for his excellent management of the Association. Mr. Ivy expressed appreciation for the acknowledgement.

Larry Dryer (6-07) asked about a Comcast billing credit for July? Mr. Ivy noted that Comcast agreed to not charge for July. He said that there have been some errors in Comcast applying the credit and suggested that he call the 888-895-6504 number.

Linda Lamberson (9-03) asked about the schedule for sidewalk replacement? Mr. Bloom replied that the committee is aware of the issue and has it in a planning phase.

David McCaffrey (7-12) asked if the Association would consider changing the name from the Vail "Racquet" Club? ". He felt that the word "Racquet" dated the property and his thought was to broaden the appeal of the property with a name that was more descriptive such as "Vail Sports and Racquet Club.

Linda Behr (C-3) asked about the schedule on painting building trim. Mr. Loftus replied that painting runs on a 4 to 6 year cycle and that he could reply separate from the meeting with specifics as a follow up for any particular location.

Jill Davies (14-23) expressed appreciation for the retention of senior management. She also noted plans to put out a shade tent and enjoy the bike race.

Rich Nagel (8-09) requested clarification on common areas and what specifically was allowed on the decks? Dr. Moothart replied that the rules and regulations were published and sent to owners and were available on the website. Mr. Ivy noted that rules differ from summer and winter; in the summer one table and two chairs, a BBQ grill, flowers, hummingbird feeder, umbrella and bicycles; in the winter no bikes, feeders or flowers are allowed. Mr. Nagel then asked what about gates on decks? Stating that they are a fire hazard. Mr. Ivy replied that decks may not be gated or partitioned, Although, there are some minor exceptions on end unit decks where gates have been approved. Mr. Nagel then noted that a specific Board member is out of compliance and has been consistently out of compliance. Mr. Ivy stated that the Association will follow up.

Also, Mr. Ivy noted regarding rules and regulations that the parking pass program worked well and for owners to please use parking passes and display them and to make sure that their guests received a temporary pass from the Front Desk.

Patty Bortz(8-03) expressed appreciation for recycling and asked how it was going overall and that she sometimes sees it overflowing and will it be expanded. Mr. Ivy replied that the Association recently changed the days of pick-up and that will hopefully help the situation and if not an additional day might be added. He said expansion may be possible in the future but there are no plans at this time.

Steve Nordeen (10-20) said he found some issues with his rental unit on last couple of visits. Dr. Moothart replied that housekeeping is meant to keep an eye on the units and they would be spoken to regarding his concerns.

Richard Carlson (11-02) noted regarding recycling that cardboard is not part of recycling currently. The list on the green container does not include cardboard, but a person can drop cardboard at the Vail Village or Avon recycling areas.

Chris Barr (9-18) asked about the status of the wood burning stoves. Mr. Loftus replied that owners are 100% compliant.

Grenda Lutgen (7-24) asked about the purpose of sirens on buildings? Mr. Loftus explained that the red horns are fire alarms and the building should be evacuated because a heat detector has triggered the audible alarm.

Phil Weinstein (1-12) asked what did you learn from the owner survey and what actions will follow? Dr. Moothart replied that Board was in the process of reviewing the results and it will lead to follow up actions based on feedback. Mr.

Witsell noted that the survey is used extensively to grade management on their performance.

Election Results:

Mr. Sorrells announced the results of the election: Kim Dixon, Richard Moothart and Monika Perry were elected to three year terms on the Board of Directors.

Approval of Actions of the Board of Directors:

Dr. Moothart asked for an approval of actions by the Board and the owners approved by a show of hands.

Adjournment:

The meeting was adjourned at 3:45 pm.