

**VAIL RACQUET CLUB OWNERS ASSOCIATION
ANNUAL MEETING
Saturday – August 16, 2014**

Attendees:

Richard Moothart	President
Chris Barr	Secretary
Patty Bortz	Member
Fred Bradford	Member
Hal Naiman	Member
Rhonda Salinsky	Member – via teleconference
Matt Ivy	General Manager
James Cannava	Association Controller
Joe Adams	EKS&H - Association's CPA
Jonah Hunt	Orten, Cavanagh & Holmes, LLC - Association's Legal Council
Beth Hensel	Taking minutes

Call to Order:

The meeting was called to order at 2:02 pm. A quorum was established and notice of the meeting was proven.

Approval of the August 17, 2013 Meeting Minutes:

A motion was made to waive the reading and approve the August 17, 2013 meeting minutes as presented. The motion was seconded and passed unanimously.

President's Report:

Mr. Moothart welcomed everyone and explained that Kim Dixon, a member of the Board of Directors, had resigned her position on the Board to work in the Peace Corps in the country of Georgia. He expressed his thanks for her service. He said there was great news and the Association had a tremendous year and the Lodging Operation set a record with \$2.7 million in revenue. He said the Rental Program did so well that they had a 5% rebate back to all participants on their regular rentals which made the split for last fiscal year 60% to the owners and 40% to operations.

He thanked the homeowners for filling out the recent homeowner survey as the Board uses it as a valuable tool. He said the new recycling program was going well and it was praised in the survey. He reported that 50% of homeowners have been owners at VRC for 10+ years, that 85% thought the VRC appearance was good or excellent and that 97% were satisfied with their ownership.

Treasurer's Report:

Mr. Adams explained that the CPA firm conducted a review which is less in scope than a full audit. He summarized the review saying there were no significant adjustments and that James Cannava is doing an excellent job. He stated that the records and financials were in great shape. Mr. Adams said he was pleased to report all entities ended the fiscal year 2013/14 favorable to budget. He reviewed the Balance Sheets and Statements of Operating Revenue and Expenses as well as Statements of Cash Flows. He said management has done an excellent job of controlling expenses.

A homeowner asked what the category of "Other" was. Mr. Adams explained that it was for items like accruals for the new washer/dryer and healthcare costs. A homeowner asked why the A/P was so high compared to last year. Mr. Adams explained that was primarily due to timing of paying bills between the fiscal years. A homeowner asked why there is no line item for roof replacement. Mr. Ivy pointed out where the roof replacement line item is on the 10-Year Capital Plan report. The homeowner asked if they are aware that wood shake shingles are not being covered by some insurance companies anymore. Mr. Ivy said they were aware but so far there has been no change in the Association's insurance coverage.

Secretary's Report:

Mr. Barr reported on the known candidates running for the Board of Directors. David Cole (J2), Leslie Levine (12-16), Richard Moothart (5-12) and Greg Simpson (6-1) are running for the three Board positions up for election and each is for a three year term.

Manager's Report:

Staff Introduction-

Mr. Ivy introduced the Department Heads for the VRC.

Craig Holtz – Club

Lindsey Stadler – Refurbishing Coordinator, White River Sports and Admin Asst.

Iris Nelson – Maintenance Office Manager

Steve Loftus –Director of Facilities and Grounds

Wendy Martin – Director of Sales and Marketing

JR Cruz – 3E Housekeeping Contractor

Jim Cannava – Controller

Mr. Ivy said the management teams received an 85% or better in approval rating on the homeowner's survey and was proud of the good job they were all doing.

Unit Sales-

Mr. Ivy said 21 units have sold in the past 12 months with 9 one bedrooms selling between \$237,000 and \$287,000, 8 two bedrooms selling between \$360,000 and \$467,500, 1 three bedroom selling for \$557,200 and 3 townhomes selling between \$600,000 and \$620,000. He said there were currently 12 units on the market and that last year there was an average property value increase of 4% in 1-bedroom units, 2% increase in 2-bedroom units and 8% increase in townhome units.

He reported that according to the property tax revenue the market has rebounded, but most of revenue is coming from the high end sales. He stated that the VRC market is relatively flat but the difference between the high and low sales in the one and two bedroom category is fairly great and buyers are either looking for a great deal on un-remodeled units or are willing to pay more for a remodeled unit.

Rental Update-

Mr. Ivy said the VRC was 24% better than in 2013 and had \$500,000 more in revenues at \$2,700,000. He said Wendy Martin is doing a great job and the marketing direction is really paying off as well as having a good snow year. He said today they are 11% ahead of last summer in advanced reservations for the fiscal year. He said that updating the name to include "Mountain Resort" has helped with the marketing efforts and they promote being in East Vail as a benefit.

Mr. Ivy said last year there were big concerns with the owners renting on their own. He said the new RBO Guidelines and Rules adopted last fall had been very successful in reducing the number of confrontations and confused guest encounters at the front desk. He thanked the owners for being compliant and said that following the rules was making a better experience for everyone including the RBO guests.

Recycling-

Mr. Ivy said the new Recycling Center and recycling program had been very well received with 85% of the owners reporting in the survey that they were using the recycling areas. He reminded homeowners that the Recycling Center was on the north end of Building 13 at the end of the walkway leading to the Townhomes and that this is a converted dumpster enclosure that has a lot of capacity. He encouraged everyone to use this area for recycling and said that if one of the smaller recycling bins was full, then to use the larger Recycling Center. He said by the success of the recycling efforts, the VRC has saved on their trash expense since recycling is cheaper than trash removal. He reported that the Town of Vail has used the VRC as an example of recycling successes and the Vail Daily did a story with a picture of the Recycling Center

He said the Association is pursuing other sustainable practices and is working toward an "Actively Green" Certification which is part of Sustainable Travel International certification and hopes to have this complete before the World Alpine Championships.

Pro Cycling Challenge-

Mr. Ivy reminded the homeowners that the US Pro Cycling time trial route comes right by the Townhomes next weekend. He said the VRC will be hosting a race viewing party and will have a tent with refreshments and a DJ for the event. He said owners should be aware that the Frontage Road will be closed that day from 11:30 am – 4:00 pm and to plan accordingly.

World Alpine Ski Championships-

Mr. Ivy explained what the event means for Alpine Ski Racing and that this event is considered by some to be even bigger than the Olympics since more countries participate. He said recreational skiing will not be affected and the races will be held in Beaver Creek and all the award ceremonies and special events will be held in Vail. He said the Lodging Operation's owner calendars would be sent out early next week since they were currently bidding on several groups for the winter time and they needed to know what lodging inventory was available before these group bids could be finalized.

Platinum Service Award-

Mr. Ivy reported that the VRC has now received the Platinum Service Award 11 years in a row and is the only Lodge in Vail to do so. He said he is proud of the results this year and that he and the management staff were glad to be a part of such an exceptional property. He said all of management would be available after the meeting to answer any questions.

Committee Reports:

Finance-

Mr. Naiman reported that Matt Ivy and his management team have done an amazing job this year and they are pleased to see the positive results. He said the Finance

Committee and Board review the budgets annually and this year they have continued to work hard to keep expenses down. He said that monthly assessments went up only 1.9% to cover inflationary expenses under operating such as water and sewer and utilities, and had a 2% increase designated toward the Capital Reserves.

Rental Committee-

Mr. Bradford reported that the Rental program had a wonderful year. He said currently there are 103 units in the program and they are rated Gold in the Valley rating system. He said they were able to rebate 5% to the participants this year. He added that they had 43 groups booked this summer with 16 of those being weddings. He said the on-line owner reservation system was successfully launched this year and the RBO rules have been successful in minimizing issues at the front desk.

Club-

Ms. Bortz reported there were about 270 current outside members and they exceeded the budget in revenue by \$98,000 with \$55,000 collection of guest fees. She said there were a number of club improvements that included a new ball machine with remote control that was very popular, the Wi-Fi was extended and now covers the fitness center and pool area, the clay courts were resurfaced, new hot tub jets installed and new baseboard trim in the men's locker room. She said there is also a community library in the lobby where books can be borrowed and exchanged. She said this year's Tennis Social was a great success and about 35 people attended.

Building & Grounds Committee-

Mr. Moothart said the VRC consists of 20 acres and 334 units. He said 30% of assessments are going to the Capital Reserve fund. He reported in the past year Buildings 1 and 2 had their patios and decks replaced, the jets in the hot tub were replaced, the fire alarm panel replacements continued and the Building 6 patio was replaced. He reported the projects for this year include Building 4 deck/patio replacement, drainage work at the townhomes, new entry sign and continuing work on the fire panels. He said the Committee reviews homeowner requests for exterior changes and brings them to the Board with a recommendation for approval/denial. He said the Committee also reviews and updates the Capital Plans each year for the Board's approval.

Election of Directors:

Mr. Barr explained the election procedures. He said there were 3 positions open on the Board each for a 3-year terms. He explained that the Board votes the proxies that are given to the Board individually, each member on a separate ballot, and those ballots are collected and tallied and then the proxies given to the Board are voted the way the majority of the individual Board members had cast their vote. He asked for any nominations from the floor. There were none. Nominations were closed.

Several homeowners had comments regarding the proxy process. It was explained to the meeting that the proxies sent by the Association give an owner two options; one to give their proxy to another person, and the other to give to the Board to vote as a majority of the individual Board members vote. Also, an owner does not have to use this form and can give their proxy to whomever in order to represent them at the meeting. Some owners had suggestions on ways the Association might change the process. The

Board agreed that they would follow up on researching the proxy options and speak with legal counsel to get their recommendations.

Introductions of the Candidates-

Each candidate was introduced and spoke to the meeting in alphabetical order: David Cole (J2), Leslie Levine (12-16), Richard Moothart (5-12) and Greg Simpson (6-1).

Vote-

Votes were cast and ballots were collected for tallying.

Unfinished Business:

There was no unfinished business.

New Business:

The floor was open to the homeowners for questions and comments.

Mr. Nordeen (10-20) said there is too much noise from I-70. He said this needs a remedy such as a Jersey Barrier. Mr. Ivy agreed and explained to the homeowners that jake brakes are not allowed on the stretch next to the VRC but some of the truckers still use them. He said the Association has written to the Town of Vail (TOV) in the past and Fred Witsell, the former President, has met with CDOT concerning this issue. He explained the plan for a sound barrier would happen in the future when I-70 is widened. Mr. Ivy said he checked on getting Jersey Barriers installed but according to CDOT the incidents of accidents were not often enough to justify the expense. He said they will be happy to revisit the issue with the TOV.

An owner asked why so little money is allocated to the townhomes decks. Mr. Loftus explained that the decks at the townhomes are fully supported so there is no safety issue, therefore they are concentrating on the condominiums.

Ms. Nicks (TH A-1) said the wood deck is not sealed regularly so deterioration is inevitable.

Ms. Lynn (10-22) commented about the noise level from rental unit next to hers on the 4th of July this year and asked what the policy for renting to under aged renters was. Mr. Ivy explained the policy and said in the last two summers they have actually had parents check in for the kids and then give the keys to their kid and they stay someplace else. He said this is difficult to monitor, but explained that the Association does hire extra after-hours security on those busy weekends. He also explained after hours procedure of calling the police for assistance with noise complaints since the TOV has a noise ordinance. The owner further commented on the answering services response and Mr. Ivy said they would follow up on the issues mentioned with the answering service.

Ms. Moyer (TH L1) shared a story of vandalism 2 years ago where the parent checked-in at the front desk and gave the key to her kids.

Mr. Lathrup (4-14) said that by paying dues he does not feel it is his responsibility to call the police.

Ms. Lynn (10-22) suggested that the Lodging Operation services such as housekeeping should be offered to homeowners for extra revenue to the HOA.

Ms. Reff (8-1) said she looked at the TripAdvisor reviews that morning and said there were many positive reviews but the few negative reviews were regarding un-remodeled units that looked old and dingy. Mr. Ivy explained that most of the units in the rental program are gold rated with only a couple of silver ratings. He said there were no bronze rated units in the program and they are attempting to get a recent bad review removed from the site because the guest was trying to extort a refund out of their decision to not stay at the VRC.

Ms. Noble (11-11) commended the VRC for getting the recycling going and appreciated the green initiative. She asked if they could get cardboard recycling on site. Mr. Ivy said yes, the recycling is single stream so it is available, but expressed that all boxes need to be broken down.

Mr. Kahanek (6-11) asked why the double tax/fee for Club dues. Mr. Ivy explained that a Family Membership comes with each unit and is appurtenant to that unit so it is the owner's responsibility to pay those dues. He said 35% of the rental split fees go to the Lodging Operation and 5% goes to the Club so the rental guests can use the facilities.

Dr. Gorgens (TH A1) said she appreciates the personal stories from other homeowners and would like to hear them. She asked for a report on Blu's. Mr. Moothart reported that he spoke to TJ Armstrong the day before and he said he thinks things are going well but wants them to get better. He said Mr. Armstrong really wants to expand breakfast service to the weekdays. Dr. Gorgens commented that she would like to see better hospitality from Blu's.

Election Results:

Mr. Barr reported that the new members elected to the Board of Directors are David Cole, Greg Simpson and Richard Moothart. It was noted that the Board proxy vote ended up being the same result as the floor voted as was the case the previous year.

Approval of the Actions of the Board of Directors:

Mr. Moothart asked for a motion from the floor to approve the 2013-2014 Actions of the Board of Directors. Ms. Noble made the motion and Ms. Lynn seconded. The motion passed unanimously.

Adjournment:

The meeting adjourned at 3:57 pm.