



March 5, 2021

Dear Homeowner,

The Board of Directors recently held our quarterly meeting and I would like to provide you with an update of our activities.

We began by reviewing the year-to-date financials and fiscal year end projections. In light of the ongoing COVID situation, it is a relief to report that all entities (HOA, Lodging and Club) continue to perform better than anticipated and are ahead of the conservative "baseline" budget that was approved last spring. As you may recall, this budget did anticipate losses and using reserves to make up any fiscal year end deficits. Fortunately, the Association received notification that the PPP loan has been forgiven which considerably improves our financial outlook. As we enter the final quarter of the fiscal year (ending May 31st), we will continue to keep a close eye on expenses and will be operating conservatively to minimize the impacts related to the COVID situation.

At our meeting, we reviewed budget issues for 2021/22 which included another substantial increase from Eagle River Water and Sanitation District. According to ERWSD, an increase of 8-10 percent will occur for at least the next two years which translates into a 2-3 percent increase in our monthly assessments each year. We anticipate inflationary pressure in other areas, including gas, electric, etc.

Last year, with all the uncertainty related to COVID, the Board avoided an increase in our monthly assessments to cover increased operating costs (primarily utilities again) by shifting the allocation between the capital budget and the operating budget for this fiscal year (from 29% capital/71% operating to 23% capital/77% operating). While this decreased much needed capital funding, the Board felt it was not appropriate to increase HOA fees to Homeowners during the crisis.

In our budget planning for next year, we discussed the need to reverse last year's temporary reallocation of our monthly assessments back to the normal allocation. Although no one likes to see monthly assessment increases, at minimum we should be prepared to adequately offset annual fixed expense increases and to properly fund our ongoing capital needs. Over the next few months, we will be further analyzing how best to budget for next fiscal year in light of rising costs and changing circumstances related to COVID.

We also reviewed a new proposal from Comcast to continue with the bulk agreement for cable and internet services. The agreement is for another five-year term and begins at the same rate we are currently paying. This rate will remain the same for at least the first year and includes increased internet speeds over what we have today. The Board felt that the service was of great benefit to a majority of owners and we instructed management to proceed with finalizing the agreement.



During our meeting, the Buildings and Grounds Planning Committee presented the preliminary Capital Plan for 2021/22 and the 10 Year Capital Plan and related funding. The major projects planned for this season are the deck replacement and stair tower refurbishment at Building 15 and the natural gas conversions at the condominium buildings. The final plan and reserve funding will be reviewed for approval at April's Board meeting.

Also, the Committee presented recommendations for several additional eco-friendly property improvements. As you may recall, the Vail Racquet Club Mountain Resort has achieved the Actively Green designation and participates in many of the Town's environmental initiatives. We are continuing the ongoing efforts to be good stewards of our precious alpine environment and this year's projects include:

- **New Recycling Center:** We are pleased to report that more and more of our trash is being diverted to recycling, leading to a need for more recycling capacity and a corresponding decrease in the need for trash capacity (at present, only 16% of our capacity is devoted to recycling). To help meet this demand for more recycling, the Association will be converting the trash dumpster across from Building 7 to a dedicated recycling center (like the one next to Building 13). We will also be eliminating the small 96-gallon recycling containers in the trash dumpster enclosures on the condo side of the property since we will have 2 dedicated recycling dumpsters with good proximity to all the condo buildings. As we have all seen, the 96-gallon recycling cans have been woefully inadequate, overflowing faster than we can empty them, even with 3 pick-ups each week. The net effect is to increase our recycling from 16% to 27% of our combined recycling/trash capacity. This change will be implemented in early April, along with new signage differentiating the recycling and trash dumpsters. The Board recognizes that this positive trend could not be achieved without the conscious efforts of our owners. Thank you!
- **Electric Vehicle Charging Stations:** The application for the electric vehicle charging station grant has been submitted and we are excited about the opportunity to be the first property in East Vail to offer this benefit to our homeowners. We expect to hear later this month if we've been awarded the grant. If so, we anticipate that infrastructure improvements and the installations will begin this spring.
- **Restore the Gore Campaign:** Over the last several years the Association has made several property improvements with the goal of being a part of the Town's Restore the Gore campaign and helping to protect Gore Creek which is one of our property's most treasured assets. This summer we're teaming up with our neighbor Fred Distelhorst (who owns a property off Bighorn Road adjacent to the VRC) in creating a preliminary plan to improve the health of our section of Gore Creek. The plan will create a design that will improve fish and bug habitat, and also enhance view corridors and the creek's esthetics. This will be the first step in what we hope will later become a project that will garner Town of Vail's support and assistance in proceeding with the improvements.

Additionally, during our meeting, the Board received several other operational updates from management and committee chairpersons. Of note, the Club operations and COVID related protocols will remain unchanged at least until the summer season. Please remember that hot tub reservations are required and due to the continued capacity concerns the No Outside Guest

Policy will remain in effect and outside guests will not be allowed to use the facilities unless they are accompanied by an owner.

The Board also reviewed the option of adding additional storage racks to the Bike Barn and discussed instituting a stricter management plan for the bike storage building, considering there's a wait list of owners who wish to store their bikes. This topic will be on our agenda at the April Board meeting and additional management measures may be implemented this summer.

Also, we reviewed real estate sales which have continued at a strong pace. Units have continued to sell quickly and there are currently no units listed for sale. This trend, along with the significant property improvements over the last few years, has continued to push our average sales prices to new historical highs.

In closing, our Annual Homeowners Meeting is scheduled for Friday, August 13, 2021 at 2:00 PM. At this time, the meeting is planned to be held remotely in a similar fashion to last year's Annual meeting.

It has been nearly one year since COVID hit which resulted in an abrupt end to Vail Mountain operations for the season and the closing of our businesses. In spite of the uncertainty and ongoing challenges, it's great to see that our Association has remained strong and financially stable. Thank you for your support!

Sincerely,

A handwritten signature in black ink that reads "Fred Bradford". The signature is written in a cursive, flowing style.

Fred Bradford
President