

VAIL HOMEOWNERS ASSOCIATION, INC.

MINUTES OF THE MEETING OF THE MEMBERSHIP OF VAIL HOMEOWNERS ASSOCIATION, INC.

A meeting of the Board of Directors and the membership of the Vail Homeowners Association, Inc. (the "Corporation") was duly called by the Board of Directors and held on December 29, 2009, at 4:00 p.m. at the Town of Vail, Town Council Chambers. Present were the following members of the Board of Directors: Judith Berkowitz, Gail Ellis, Rob Ford, John Gorsuch, Patrick Gramm, Alan Kosloff, Kent Logan, Bill Morton, Trygve Myhren, Larry Stewart, Doug Tansill and the Executive Director, Jim Lamont. Present were Emeritus Directors: Bob Galvin Dolph Bridgewater, Ellie Caulkins, Richard Conn and Gretta Parks. Absent was Board Member Eugene Mercy.

VHA President, Alan Kosloff, convened the meeting with the introduction of the Board of Directors, invited guests and attendees. The President gave recognition to special invited guests. He read his President's message as reported in the VHA 2009 Annual Report.

The President then introduced incoming President, Gail Ellis. Dr. Ellis made brief remarks thanking Alan Kosloff for his eight years of service as President. She stressed that the Association will continue its effort to be a collaborative force in the community working for Vail to become the best that it can be.

The President stated that the next item of business were officers reports and minutes of the 2008 Annual Membership Meeting. The Association's Executive Director, on behalf of the Secretary and Treasurer, gave the reports. The Executive Director gave a summary of the Association's 2009 activities as included in the 2009 Annual Report. The President called for questions and a vote of acclamation by the membership for the approval of the minutes, Secretary and Treasurer reports. The minutes and reports were approved by unanimous acclamation.

The President then called for presentations:

Mayor Dick Cleveland was introduced by the President. The Mayor's remarks stressed that the Town of Vail recognized that the times were changing. He reported that the Town held \$22 million in its general fund reserves. Even so, the Town Council was reevaluating how and what they do. He concluded his remarks by introducing Council members present at the meeting: Susie Tjossem, Kevin Foley, Kerry Donovan and Andy Daly.

Vail Town Manager, Stan Zemler, reported that significant changes were being made to the budget as a result of the recession. Reductions will be made in general operations and capital maintenance costs. Any additional cuts would require reductions in services and further deferrals of capital projects. The Town will be debt free by 2012 and therefore has the capacity to take on additional debt. As new private development projects come on line the Town needs to shift its focus to guest services. The focus for the coming years will be parking, transportation, and working to build more affordable housing, such as the redevelopment of Timber Ridge seasonal employee housing project. Parking projects will be to study additional sources, sites and costs, including taking over the Frontage Road system from the Colorado Department of Transportation. The development of a Transportation Center will be the priority transportation project.

Chris Jarnot, Senior Vice President Mountain Operations of Vail Resorts, Inc. reported that in the 08/09 season there were 3 percent more skier visits year over year with 1.6 million skier days recorded. Record progress was made in improving skier satisfaction scores. Company wide budget cuts did not cause a reduction in ski slope maintenance. A series of capital investments were made to on-mountain facilities. Vail Resorts core priorities are being put into effect, particularly as it applies to unsafe behavior and monitoring attitudes through its consumer-surveying program. It is the company's preference to resolve consumer conflicts on the spot. In the year ahead capital investment will be the upgrading of Chair 5 to a high-speed quad, which will cut wait and ride time by one half.

Vail Resorts Inc. CEO, Rob Katz, reported that the strategic objective of the company's vision and master plan for Vail Mountain are being attained. Large sums have been invested on the mountain and in real estate development in Lionshead and Vail Village. The company's debt has been paid down with \$10-15 million in debt maturing over the next 5 years. Changing economic conditions mean that they have to change the way they do business. They will not be making changes that will negatively affect the skier experience. The bar has been raised in the attainment of guest expectation. There is a need to build customer loyalty over the economic downturn. Decisions are being made to make sure current development projects will be completed. Launching new development is problematic. Real estate values are moderating but are not crashing. People do not distinguish between the Mountain and the Town. Each has to be vibrant, economically healthy and the infrastructure must work. VRI's primary focus is to integrate making money with the needs of the community. Vail needs to make improvements to maintain its quality. Katz concluded saying, we may be in for quite a storm, but we will come out the other side just fine.

Chris Jarnot, VRI Senior Vice President Mountain Operations, said Vail's guests have high expectation for service and VRI is meeting the guests' expectation according to several different measures. The company's elaborate skier safety program is credited with being one of the best in the industry for the 9th year in a row. The company, in 2009, will improve its skier services facilities at the Lionshead Center Building. Radio frequency card scanning is being put into use as well the installation a fine dining restaurant on the Mountain. New master plan improvement for the Golden Peak racecourse is moving forward as well as planning to make improvement to the lift system.

Adam Sutner, VRI Director of Sales and Marketing for Vail reported that the company's media plan had been revamped to address new consumer behavior. Greater reliance will be made upon the social media targeting special promotions that deliver the right offer at the right time. Key domestic markets are Miami, Chicago and New York. Internationally, efforts will be made to leverage the Euro/Dollar relationship in Europe by focusing on German skiers. Special emphasis is being put on Latin America, specifically Mexico. Australia is also a primary market that is being developed. Vail brand positioning is based upon tonality, visibility, motivational standout, comprehension and relevancy.

Tom Miller and Kristin Kenney-Williams representing Vail Resorts Development Company reported on the progress through the Town of Vail review process of the Ever Vail Town Center project in west Lionshead. The project will have less than one fifth of its total square footage for sale. Special emphasis on the public benefits of the development would measurably increase publically available parking, skier drop off, youth racing and children's programs. Affordable housing and retail commercial, and hotel rooms are included in the proposed development. The project is estimated to be a \$1 billion investment and will begin construction once real estate market conditions improve.

The President introduced the guest speaker - James Ellis, Dean of Marshall School of Business at the University of Southern California. The subject of his commentary was Taking Vail Global. Globalization he said, is a state of mind, an attitude that is a process, which integrates the economy, society, culture, information, technology and politics. It creates winner and loser. It is long-term in scope. The pitfall is implementation as the community needs to decide to speak with one voice. It needs to focus on winter and work to improve access from outside the United States. What can Vail do to go global, think big, work together, think as one, completely understand core competencies, understand core customers? Why do they come here? Vail needs to learn how to take the broader view.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned.

Secretary of the Meeting

Dated