

VAIL HOMEOWNERS ASSOCIATION, INC.

MINUTES OF THE 2008 ANNUAL 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, 2008, at 3:00 p.m. at the Town of Vail, Town Council Chambers. Present were the following members of the Board of Directors: Judith Berkowitz, Dolph Bridgewater, Richard Conn, Gail Ellis, Rob Ford, John Gorsuch, Patrick Gramm, Alan Kosloff, Eugene Mercy, Bill Morton, Trygve Myhren, Doug Tansill and the Executive Director, Jim Lamont. Present were Emeritus Directors: Ellie Caulkins, Bob Galvin and Gretta Parks. Present were Board Members Elect: Kent Logan and Larry Stewart.

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 2008 Annual Report.

The President stated that the second item of business were officers reports and minutes of the 2007 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 2008 activities as included in the 2008 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:

Vail Mayor Pro Tem, Andy Daly, gave an overview of the Town of Vail's financial condition saying that the Council was responding to changing economic conditions. The Town, because of economic downturn, will contribute to Winter Marketing, which is typically funded from non-public sources. The Town would end the year with a positive fund balance and has ample cash reserves of \$48 million. The Town debt incurred for Vail Village parking structure improvements would be paid off by 2012. The \$20 million public debt to acquire the Timber Ridge Affordable Housing project remains a challenge. The Town has an ageing infrastructure that needs attention, even though much has been accomplished in recent years. He concludes that the Town is in great shape for the next three years, after that the financial situation becomes more problematic.

Vail Town Manager, Stan Zemler, said that parking remains a priority, with a study to be conducted in 2009 to determine the feasibility of building a parking structure on Ford Park. Priorities also include the design and obtaining funding for a new fire station in West Vail. Sixty units of affordable deed restricted owner occupied housing is also under study on the East Chamonix site. The Town has tested to determine that levels of noise reduction from new quiet pavement on I-70 were minimal. As well, the Town is discussing with Colorado Department of Transportation (CDOT) short and long-term maintenance and improvements to the Frontage Road system, including operational aspects of skier and special event parking. Also, they are working with Rocky Mountain Rail Authority to study what types of rail transit could serve the I-70 mountain corridor. He, along with Fire Chief Mark Miller and Police Chief Dwight Henninger, reported on the progress of beetle kill tree removal, mass evacuation planning

in the case of catastrophic wildfire, and I-70 weather closures. In response to questions the Town Manager said the Town is in good financial health and is prudently planning for limited to no-growth.

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 of 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 as the installation of a fine dining restaurant on the Mountain. New master plan improvements for the Golden Peak racecourse are moving forward as well as planning to make improvement to the lift system.

Peter Kozinski, Senior I-70 Planning Engineer for CDOT reviewed the improvements made to Interstate 70 over the past year, including the installation of quiet pavement and improvements to the chaining station in East Vail. He outlined revisions to the I-70 Closure Program, which during major snow storms will prevent large trucks from proceeding beyond Dotsero Junction west of Vail. Removing truck traffic will help clear the Interstate of unnecessary traffic so that the snow removal and road sanding operations can be more effective. It was noted that 17,000 cubic yards of road sand had been removed from Black Gore Creek as part of CDOT's environmental clean up project. The road sand was used to expand the highway noise barrier berm in the Bald Mountain Road subdivision.

Stan Anderson, representing the Vail Valley Medical Center, reported that it is reviewing its long-term expansion plan. Consideration is being given to what improvements and services need to be located down valley where growth has been occurring. The Vail campus has parking, access and affordable housing constraints that will determine what medical services will grow and which will be relocated elsewhere in the area. Economic conditions and financing sources will be a deciding factor.

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