WILLOWS QUARTER SHARE CONDOMINIUM OWNERS LLC
WILLOWS MANAGEMENT LP
WILLOWS CONDOMINIUM AT VAIL INC.

ANNUAL MEETING SATURDAY, SEPTEMBER 16, 2017

WQS Minutes

Opening Remarks – John Connell.

Roll Call and Introductions: John Connell, David & Wanda Yrastorza, Jaime & Pat Yrastorza, Rod & Terri Nowadzky, Steve & Becki Campbell, Mike Tami & Ruth Lebeau, Curt Freed, Tim Hargreaves. By phone: Nancy Warshofsky, Billy Rice. By proxy: Tim Stanny, Richard Hinds, John Pinto, Carl Thoma, Cristalle, Marsha Alperin.

Proof of Notice of Annual Meeting: Sent by email and attached to the minutes.

Quorum of Owners and Proxies (20% of owners [6 votes]) A quorum was established for the meeting.

Approval of Minutes of September 10, 2016. Motion to approve minutes as submitted was made, seconded and approved.

Report from Board of Directors. John Connell reminded the meeting that the recent “all owner” assessment was only the second assessment in the history of the Willows. The first being an $18,000 per owner assessment, to purchase the land which was on a 50 year lease and would by now have reverted back to Bob Lazier.

Up until this point the Willows rental program has always been able to fund expenses from rental income. John reminded those present that the Association now pays property tax on behalf of all owners - which was an individual owner expense outside of the operations of the Willows with the old units. The effects of owner impact on revenues has changed with the transition from 28 one bedroom units to nine two bedroom units. The cost of an owner stay increased from 1/28 to 1/9. In addition in the old Willows there were usually only two or three units with owner occupancy at any time during the peak seasons. The new building regularly sees occupancy surpassing those old amounts.

This year the Management Company profits were available to reduce the assessment at Willows by $2,000 per owner. Additionally, The Management Company reduces the Quarter Share costs of operations, especially employee costs, and without it we would not be able to fund operations at the level that we do without significant owner contributions.

Report from General Manager. Tim Hargreaves explained the reasons behind the recent assessment. There was a reduction in net profit between 2015 and 2016 of $170,000. This included decreased revenues in April ($39,186) and December ($54,582) but also included a property tax increase of $26,704, HOA increased assessment of $18,951 and increased Employee Alloction of $20,593.

The first three months of 2017 were also a contributing factor with lower revenues and significantly increased owner occupancy. Performance from April and through the main summer months was much improved and the outlook for next winter is also improved over this time last year. Vail saw poor snow conditions last winter and overall decreased demand across the board, which were factors in the Willows reduced performance.

One thing that became clear this year was that increased owner use can significantly reduce revenues which disproportionally affects financial results for those not using their units.

David Yrastroza commented that these impacts affect all owners and that all voices should be heard in this discussion. Jaime Yrastorza felt that it would be appropriate to engage a third party consultant who could look at these issues as an independent contractor. John Connell responded that there are significant limitations to changes that can be made due to the Association's governing documents – that are in place to protect all owners. Steve Campbell commented that a third party consultant would likely find that the current structure is an outstanding investment for all owners despite the recent assessment.

John reminded the meeting that the board has been aware of these factors for some time and that there was an owner survey addressing some of the issues in 2013. After that survey the board took action within the allowed constraints of the documents by increasing the minimum stays for owners and adding fee periods for owners during high demand periods.

Following the assessment the board has been considering options to address inequities caused by reduced revenues and increased owner use. Tim outlined a program that would reward owners for weeks (periods of seven days) that remain unused. Thus giving owners incentive to leave periods of time in the rental program and create a credit to those not using their time to the full allotment of 28 days in each season. The program would be a marketing expense that like travel agent commission should encourage increased revenues due to increased availability. Tim conducted a sensitivity analysis based on last year's ending owner balances that explored the results of different approaches. Those present believed that a program that rewards unused winter weeks at a level of $1,000 and unused summer weeks at a level of $500, was a good balance. This level program would not have reduced this year's assessment to zero for owners who did not use their units over the last 12 months but it would have reduced their assessment somewhat while increasing the assessments of heavier users.

A motion was presented to begin this program this winter, with an amendment to institute it for two years. The motion was seconded and with no objections (one abstention) was passed.

Old & Unfinished Business. There was no old or unfinished business.

New Business. There was no new business.

Election of Officers. The existing board of directors all indicated a willingness to continue for another year. There was a motion to elect current board which was seconded. There were no objections and the motion passed.

The meeting adjourned at 11:30 AM.