

**MINUTES OF THE
ANNUAL MEETING OF THE MEMBERS OF
THE CHRISTIE LODGE OWNERS ASSOCIATION, INC.
Saturday, September 29, 2012
Avon, Colorado**

I. CALL TO ORDER

Mr. J. Raymond David welcomed the audience, introduced himself, and thanked everyone for attending the meeting. The Annual Meeting of Members (the “Annual Meeting”) of The Christie Lodge Owners Association, Inc. (the “Association”) was called to order at 9:00 a.m. Mountain Daylight Time on Saturday, September 29, 2012, at The Christie Lodge, in the Beaver Creek Conference Room by J. Raymond David, Treasurer of the Association. Mr. David introduced the CLOA Board of Directors: Ms. Lucy Aldridge, Mr. John Mertens, Ms. Kristen Nostrand, Mr. Art Olson and Ms. Jonasue Phillips. Mr. David also introduced Committee Members Ms. Christina Holcomb, Mr. Bill McReynolds, and Mr. John Perkins. Also introduced was Mr. Bobby Coates from RCI.

Mr. David advised that the meeting would follow the agenda included in the owners’ meeting packet, and would proceed informally to the degree possible, stating if parliamentary procedure were called for, Ms. Phillips would serve as Parliamentarian. Mr. David described the motion procedures to be followed and reminded the audience to use a microphone when addressing the meeting, in order to have the proceedings properly recorded into the written record.

II. PROOF OF NOTICE OF ANNUAL MEETING

A. Proof of Notice. Mr. David offered the Certificate of Mailing of Notice of the Annual Meeting on September 29, 2012, as executed by Lisa Siegert-Free, Managing Director and General Manager, certifying that the Notice of Annual Meeting was mailed to all owners of record on August 20, 2012.

B. Establish Quorum. Mr. David explained that there are 15,529 possible votes in The Christie Lodge Owners Association, Inc. comprised of 19 commercial units which have 51 votes each; three remaining whole residential units that have 52 votes each; and 277

timeshare units with 52 votes each. A quorum for a meeting is 10% of the total, or 1,553 votes. He received a tabulation of the owners in attendance in person or by proxy, which was prepared by the John Lee, CFO. Mr. David noted that there were 3,489 votes present at the meeting in person or by proxy; he declared that a quorum was present, and declared an official Annual Meeting of the Christie Lodge Owners Association.

III. READING OF THE MINUTES OF THE PRECEDING ANNUAL MEETING

Mr. David then asked for a motion to waive the reading of the minutes of the 2011 Annual Meeting. Mr. Howard Long made a motion to waive the reading of the prior year's minutes. Barbara Nelson seconded the motion and it passed unanimously. Mr. David then asked for a motion to approve the minutes of the 2011 Annual Meeting as presented. Mr. David Dixon so moved and Ms. Rosemary Paolillo seconded the motion. The minutes were approved by acclamation.

IV. REPORTS OF COMMITTEES

Mr. David requested reports from the various committees of the Board and introduced Bill McReynolds, Chairman of the Audit Committee, to present the Audit Committee report.

A. Audit Committee. Mr. McReynolds asked the owners to refer to the independent auditor's report in their meeting packet and noted that one of our auditors from Zwiebach & Associates, Mr. Mark Lathrop, was in attendance. Mr. McReynolds noted that the independent auditor's letter of opinion states that the Financial Statement presents fairly, known in the accounting industry as a "clean opinion"; there were no material misstatements. In his review the financial reports he shared that the Association's financial condition is sound and there is a fund balance of \$4,080,331.00. Cash in bank and investments total \$2,972,000.00, which is \$400,000.00 better than last year. Although the revenue and expense report shows \$1,399,000.00 in lost revenue resulting from unpaid maintenance fees, our rental program revenue was \$1,909,000.00. This additional income from our rental program helps offset lost revenue and enables us to operate without special assessments or maintenance fee increases. Fiscal year 2012 revenues exceeded expenses by \$132,000.00 and reserves are up \$969,000.00, which has allowed for common area renovations, installation of air conditioners and upcoming room safe and door lock projects. Thanks to the excellent management by Lisa, John, Rick and your staff, we are now a RCI Silver

Crown property and have a Select Resort designation from II. We are well recognized and rated three and a half stars on Expedia. There were no questions or discussion from owners and Mr. McReynolds thanked the owners for their support of the Christie Lodge.

B. Legal Committee. Mr. David then stated that there were no legal matters to report.

V. REPORT OF OFFICERS AND MANAGEMENT

Mr. David introduced Ms. Lisa Siegert-Free, Managing Director and General Manager of the Lodge. Ms. Siegert-Free welcomed and thanked the owners in attendance and introduced all staff members in attendance. She provided an update on events in the Vail Valley and presented information on our trade association, ARDA, the American Resort Development Company, and ARDA-ROC, the Resort Owner Coalition. Ms. Siegert-Free introduced Mr. Tom Butz, Director of Resort Sales and Marketing.

Mr. Butz presented a variety of ways in which owners can make reservations, maximize their trading power, and find the best options when working with Exchange Companies. He encouraged everyone to contact the reservations department for assistance in order to get the best value for their ownership. Mr. Butz then introduced the next presenter, Mr. Rick Dameron, Director of Operations.

Mr. Dameron showed a slide presentation and spoke about the various improvement projects, recent renovations, upcoming ADA compliance requirements and the associated costs during the past year.

Mr. David thanked the managers for their very informative presentations.

VI. NOMINATION OF CANDIDATES FOR ELECTION TO THE BOARD OF DIRECTORS.

A. Explanation of Eligibility Requirements and Election Procedures. Mr. David briefly explained the eligibility requirements, as follows: owner must be in good standing and be current on their maintenance fees; submit a resume to the Christie Lodge Executive Office by August 1, prior to the election; and there cannot be a majority of Board members from any one state.

Mr. David reported that this year's election would be for two directors and Ms. Lucy Aldridge, Recruitment and Nomination Committee Chair, announced the names of the five

candidates: Ms. Christina Holcomb, Ms. Jonasue Phillips, Mr. John Perkins, Mr. Earl Hauserman and Mr. Ted Rhody. Mr. John Mertens made a Motion to Approve the Slate of Candidates. The motion was seconded by Jana Kulchak and passed by acclamation.

VII. APPOINTMENT OF THE ELECTION INSPECTORS.

Mr. David then asked for a Motion to Waive Appointment of Election Inspectors, with the duties of the inspectors to be fulfilled by John Lee, CFO. Mr. Chuck Rakity so moved and Mr. Reggie Phillips seconded. The motion passed by acclamation.

VIII. ELECTION OF DIRECTORS

Candidates Earl Hauserman and Ted Rhody were unable to attend the Annual Meeting and Mr. David referred the owners to the candidate resumes included in their meeting packet. The candidates in attendance were introduced and each spoke briefly about their background and desire to serve as a Board member for the Christie Lodge Owners Association.

The election of directors proceeded by written ballots which were distributed to the owners during registration. Mr. David asked the staff to collect and submit the ballots to the CFO for counting. While the ballots were being collected and counted, Mr. David introduced Mr. Bobby Coates from RCI. Mr. Coates gave a presentation on navigating through RCI's updated website, RCI's new programs and the added benefits of exchanging with RCI.

Mr. David thanked Mr. Coates for his informative presentation.

IX. UNFINISHED BUSINESS

Mr. David had no unfinished business to present and no items were presented by the other Board members or owners.

X. NEW BUSINESS

Under New Business, Mr. David presented several resolutions to the members for vote.

A. Assessment/Reserves Resolution(s). Mr. David proposed resolution(s) for consideration by the members in attendance. He explained the purpose of the resolution(s) is to comply with the requirements of the Internal Revenue Service, in order to insure that assessments and reserves are not taxed as income. He briefly reviewed the history of the

issue with other associations and read into the record the resolution(s) that supports the Association's practice, which is designed to prevent the Association's reserves from being taxed as income or prepaid assessments being taxed as income in the year received as opposed to the year expended. He noted that the text of the resolution(s) were included in each owners information packet.

Mr. David asked the members for a motion to approve the resolution(s) as read. Ms. Lucy Aldridge made the motion to approve the resolutions and Ms. Terry Vickers seconded the motion. A brief discussion and clarification of the escrow procedure took place and was followed by a vote; and the motion passed by acclamation.

B. Presentation and Discussion of the Proposed Amendment to the Bylaws. Mr. David read the proposed amendment entitled Collection Costs and Administrative Fees on Delinquent Accounts. He explained that when owners do not pay fees on time the costs associated with collection creates additional expense for the Association, which averages approximately \$75,000.00 in losses each year. This Bylaw change allows for the cost of collections and administrative fees to be added to the delinquent owners' bill. Mr. David noted that everyone should have a received a ballot during registration, on which to cast their vote for or against the proposed Bylaw change. Following a brief question regarding the Associations ability to repossess weeks, Mr. David asked that the owners complete their ballots and instructed the staff to collect and submit them to the CFO for counting.

C. Ballot Results. Mr. David announced that election ballots for Board members had been counted and Ms. Christina Holcomb and Ms. Jonasue Phillips were elected to the Board of Directors. He also announced that the amendment to the Bylaws, which adds collection and administrative fees to delinquent owners, passed by a nearly unanimous vote.

D. Resolution Ratifying all Board of Directors' Acts. Mr. David then asked for a motion from the Association members ratifying all acts of the Directors for the prior fiscal year based upon reports and information received from the Board of Directors and Management at today's meeting. Mr. Reggie Phillips moved to ratify the acts of the Board based upon the information received at the meeting. Mr. David Dixon seconded the motion. There being no

further discussion, Mr. David then called for a vote on the motion to ratify the acts of the Directors for the prior year. The motion passed by acclamation.

E. Christie Lodge Philanthropic Missions. Ms. Siegert-Free presented information on the two main philanthropic missions of the Christie Lodge, Christel House International and Roundup River Ranch. She shared that through many volunteer hours the lodge has raised \$173,000.00 over the last eight years by hosting a charity golf tournament which in turn has benefited Christel House, and our local charities Roundup River Ranch, the Vail Valley Charitable Fund, and the Summit Foundation. This year Christel House International was awarded ARDA's coveted Circle of Excellence ACE Philanthropic Award for the work that they do on behalf of children all over the world. Ms. Siegert-Free presented the beautiful crystal award which will be displayed in the lodge.

X. ADJOURNMENT

There being no further business or discussion, Mr. David then called for a Motion to Adjourn. Mr. David Dixon so moved and Ms. Maxine Cooper seconded the motion. The Motion to Adjourn the meeting was passed by acclamation.

ASSESSMENT/RESERVES RESOLUTION

RESOLVED, Any amounts collected by or paid to the Association in excess of operating expenses for the fiscal year end June 30, 2012 shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by Revenue Rulings 70-604, 75-370 and 75-371. Such amounts shall be deposited into financially secure, interest bearing accounts. Any amounts so added to the capital replacement reserves shall be allocated to the various components at the direction of the Board.

FURTHER RESOLVED, any excess amounts added to capital reserves instead of being rebated to owners or applied to next year's assessments shall be used for capital reserves.

FURTHER RESOLVED, any 2012-13 assessments received prior to June 30, 2012, the Association's fiscal year end, shall apply only to services required to be performed in the following fiscal year and shall be deemed to be held in escrow by the Association against payments for the next year's fiscal services.

FURTHER RESOLVED, the Board is to take all actions necessary or appropriate to make capital reserves and excess funds at year ends non-taxable, including stating a separate itemization for capital reserves on the assessment statement, separating capital reserves from operating funds of the Association and depositing any early receipts into an escrow account.

RESOLUTION

RESOLVED, that the members of the Christie Lodge Owners Association, Inc. do ratify all actions taken by the Board of Directors of the Christie Lodge Owners Association, Inc. during the fiscal year 2012, as were reported, discussed and/or disclosed at the Annual Owners Meeting held on September 29, 2012.