

WMLP/WQS Annual Meeting

September 19, 2020

The meeting commenced 9:40 AM

Present: Mike Lebeau, Richard Hinds, Rod & Terri Nowadzky, Nancy Warshofsky, Tracy Tally, Gene & Christine Cloud, Curt Freed, David & Wanda Yrastorza, Franco & Margaret Cibele, John Connell, Tim Hargreaves

Zoom: Steve Campbell, Tonia Lutch

John Connell described the circumstances of this challenging year. The property shut down mid-March, a time when we collect substantial revenues. However, despite the set-back the summer season ended quite well. We lost substantial bookings for the end of the ski season and for summer business. But as the summer season progressed, we were able to regain lost business and last-minute business was particularly strong. This spring we were fortunate to get a PPP loan, in the amount of \$117K. This loan should be forgiven. We are in a strong position of having a management company that has contracts with Riva Ridge South and the Willows Associations, rental agreements with individual owners at Riva Ridge South, a few at Edelweiss, and a couple at Willows. As a result, we have had extra income above and beyond what the Willows Quarter share rentals provide. These arrangements provided an additional \$3800 credit to each owner to the financial position of each owner this spring. Our overall position for the first eight months of calendar year operations is that WQS lost \$120K. WMLP (the Management co.) was actually positive \$12K. Once the PPP loan becomes revenue our overall position of the combined Willows QS and Willows Management is \$10,000 profit for the current year through August.

Meeting notice attached

Quorum present.

Approval of minutes. Motion to approve the minutes. Curt Freed and seconded by Gene Cloud.

General Manager presentation attached to these minutes.

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

New Business. Steve thanked Tim for all work during this process. Richard noted that Fritz great job to secure the PPP loan.

Officers. Current board willing to reserve an additional term, the meeting was asked to entertain any new nominations. Hearing none, there was a motion to elect the current board to an additional term mace by Gene Cloud and seconded by David Yrastorza. No objections.

Adjournment. Moved by Tracy Tally, the Meeting adjourned at 10:40 AM.

TIM'S REPORT

WQS/WMLP ANNUAL MEETING REPORT



VAIL

SEPTEMBER 19, 2020

GENERAL MANAGER'S REPORT

Vail ski mountain was closed to guests March 15 this year, effectively removing a month of ski season and associated business for our properties. While this event will negatively impact us this year, and the longer-term effects of COVID-19 are still to be measured, things could certainly have been worse. The timing at the end of the ski season meant that most of the winter business was secure, and while the shut-down lasted through spring, we were able to open partially in June, and to full operating capacity by July.

This summer has seen demand build as the months passed. In June we had extremely limited occupancy, but July was encouraging. We surpassed August revenue over the prior year at Willows Management, and by September gross revenues were almost double the previous year at that property. At Willows we saw high levels of owner use, which effectively limit our revenue generating opportunities.

There is no doubt that guests were not only willing to travel this summer, despite a global pandemic, but that many were willing to extend stays in Vail, which they perceived as a safer and more relaxing environment than their own home towns. That is not to say that a large amount of uncertainty does not exist moving forward. Vail Resorts has initiated a reservation requirement to ski at their resorts this winter and it remains to be seen if this will prove an objection to booking for Vail skiers. Additionally, summer rates and winter rates are quite different. Where guests were willing to travel (mostly by car) this summer, will our winter guests, who travel mostly by airplane, be willing to book with the necessary required lead times of a winter vacation? With luck, we are on a trajectory that will mean a minimum of business disruption this winter, but it will be some time before we know.

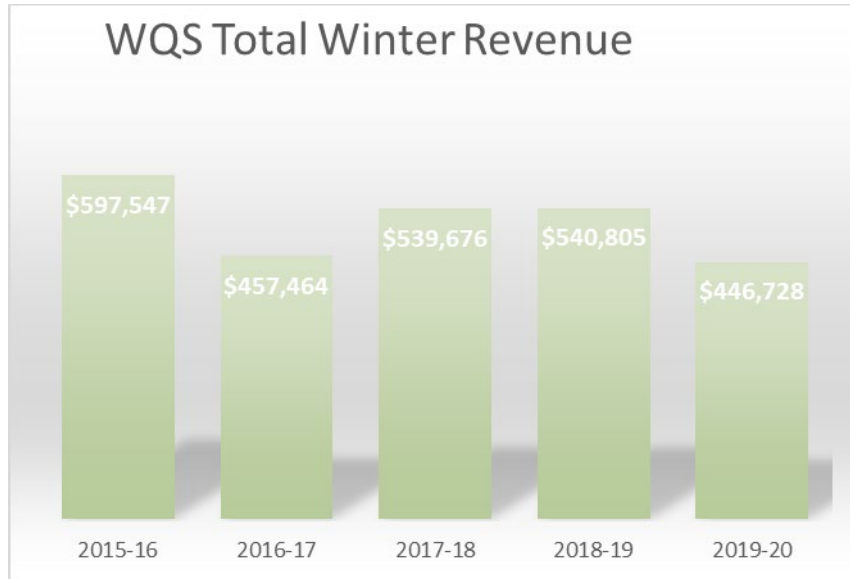
Willows Management remains in good financial shape heading into the fall off-season. Willows Quarter Share is not as robust. We did secure a PPP loan this spring to help cover payroll expense. We shall be applying for loan forgiveness on these funds which, if approved, should limit our financial exposure from the revenue losses incurred.

We are in uncharted territory for our business. Hospitality and travel are sectors that are certainly subjects of significant exposure in a pandemic that restricts movement and social interaction. Yet despite these risks and the experience of the last six months interest in our product remains high. We just need to execute!

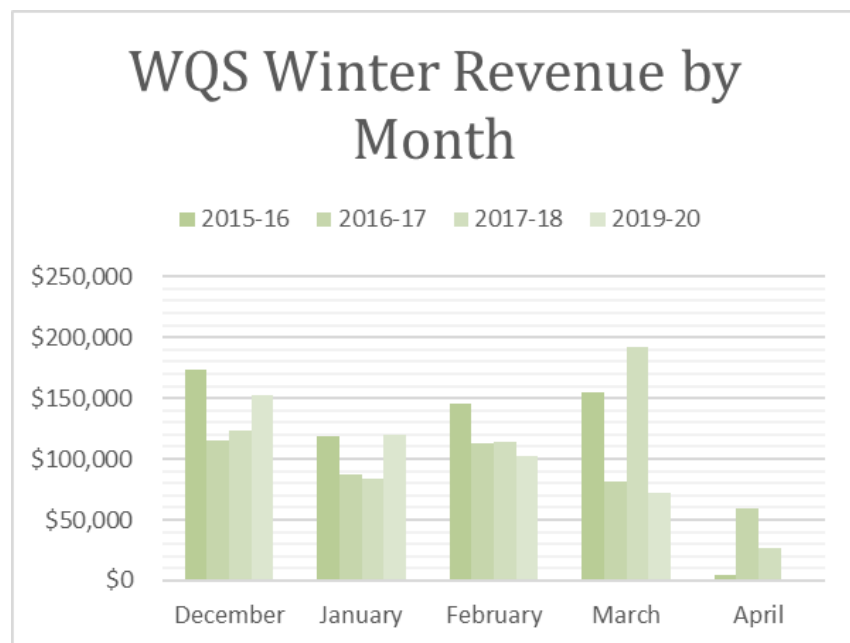
FINANCIAL REPORT

WINTER BUSINESS

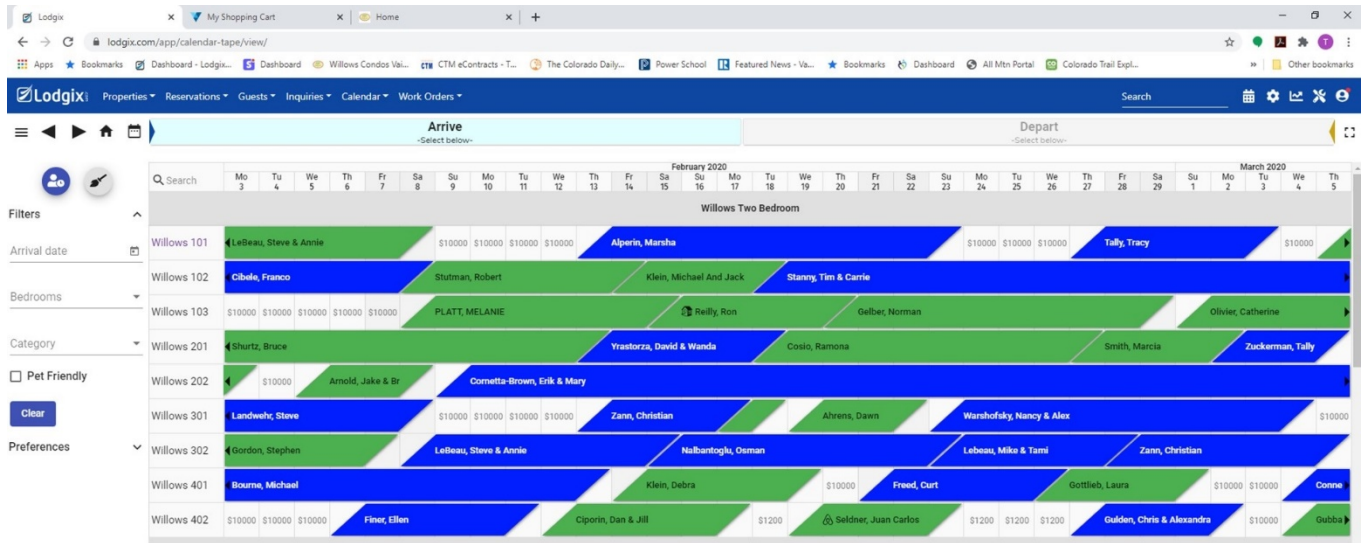
Winter revenue for WQS decreased this winter, to the lowest level over a five-year period.



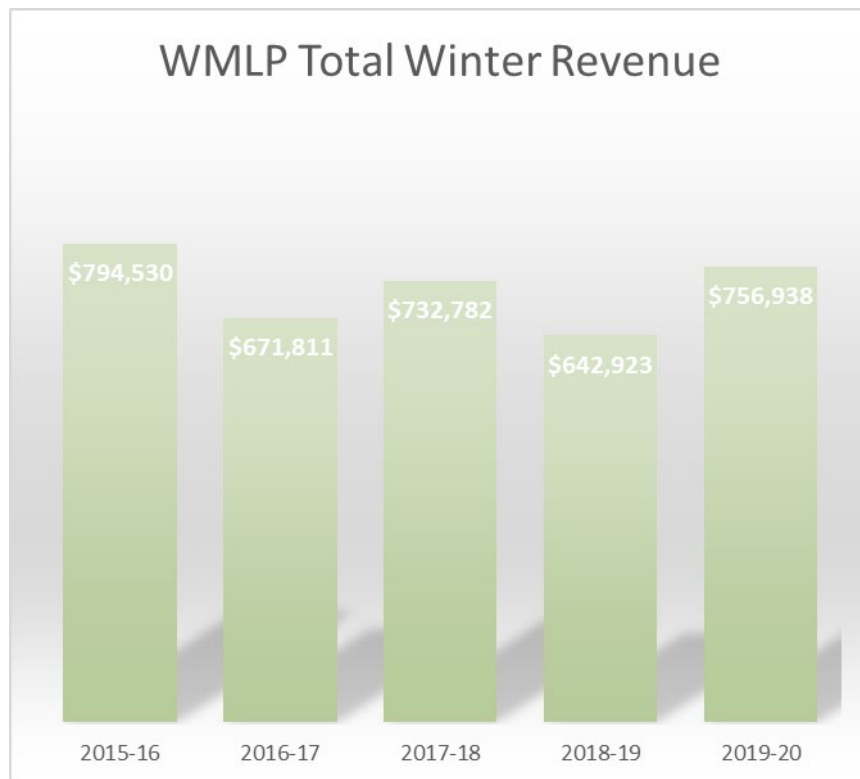
Due to the closure of the ski area on March 14, and loss of March business just prior to this event due to Covid-19, and loss of all April business, WQS took a revenue hit (\$111,000) at the end of the ski season.



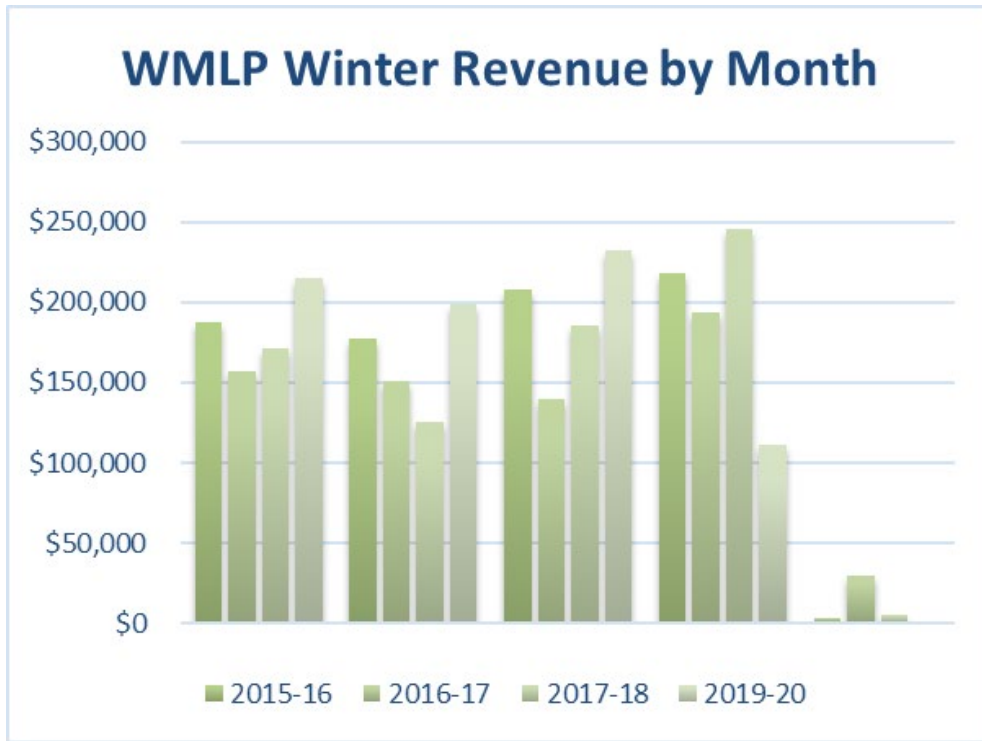
As the reservation chart below suggests, with significant owner demand during the main winter season (owners in blue) revenue generation in the WQS units is limited.



Willows Management was on track for a record-breaking winter for revenue. Even with an early closure, total revenue generated over the winter was the second highest in the five-year comparison period. WMLP lost \$110,000 due to the Covid-19 shut down.

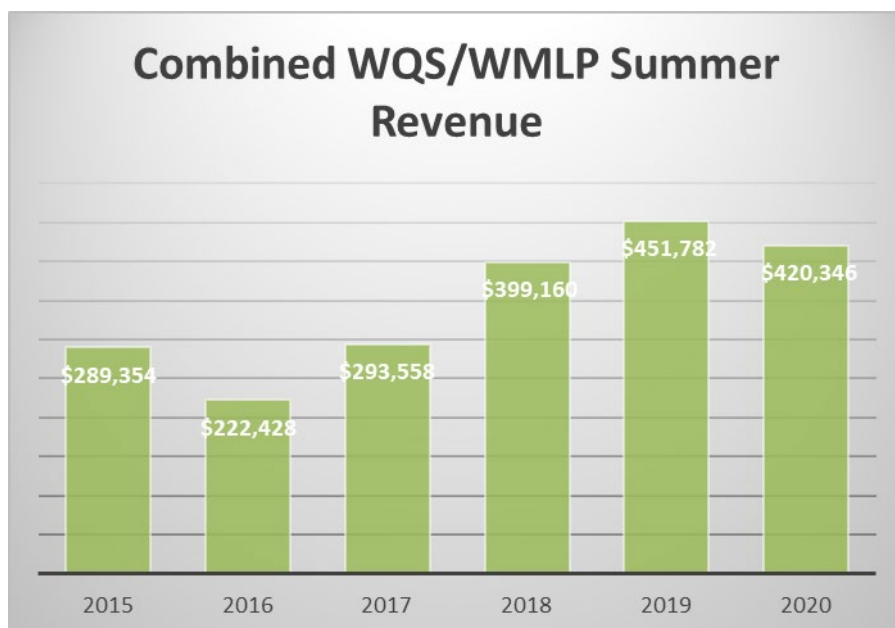


The Revenue by month for WMLP shows 2019-20 as the highest revenue produced for the period for the months of December, January, and February. It was disappointing to lose the end of the season.



SUMMER BUSINESS

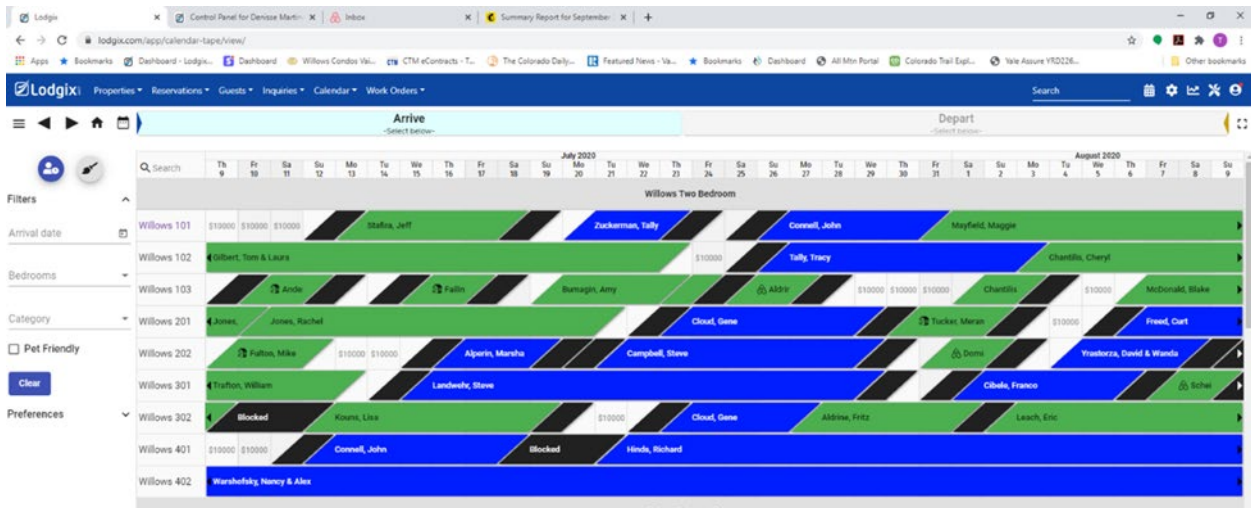
Combined revenue for both entities for summer business is reduced approximately \$31,400.



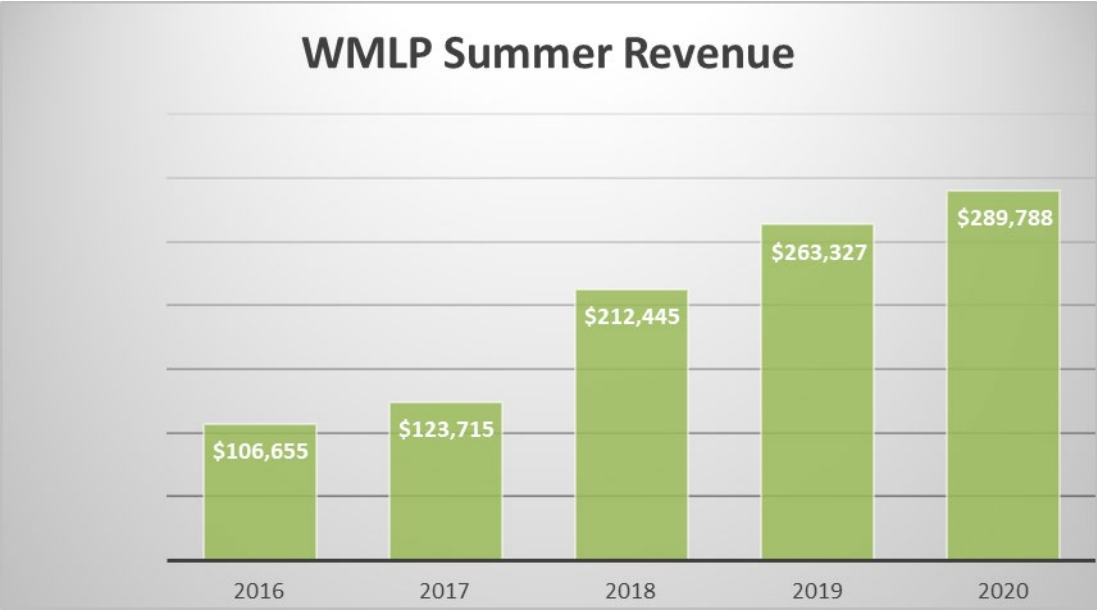
Summer business for WQS 2020 is reduced \$57,900.



Owner nights for summer 2020 (June through September) totalled 450. In 2019 the comparison number was 283 nights.



Total revenue for WMLP this summer increased almost \$26,500. As can be seen in the chart below revenues have almost tripled at WMLP since 2016.



YEAR-TO-DATE FINANCIAL COMPARISON

WQS

Revenue Y-T-D is down \$153,769. Expenses did reduce slightly which resulted in a total reduction in net profit of \$120,034.



Willows QS January - August			
	2019	2020	Variance
Other Income	\$12,366	\$12,764	\$398
Room Revenue	\$555,903	\$401,736	(\$154,167)
Total Income	\$568,269	\$414,500	(\$153,769)
Building Expense	\$8,214	\$9,666	\$1,452
Employee Allocation	\$254,075	\$245,287	(\$8,787)
General & Administrative	\$132,827	\$129,659	(\$3,168)
Guest Expense	\$43,594	\$28,193	(\$15,401)
HOA Contribution	\$142,940	\$142,940	(\$0)
HOA Contribution EHU	\$2,850	\$2,850	\$0
Marketing	\$21,604	\$13,774	(\$7,830)
Total Expense	\$606,105	\$572,370	(\$33,735)
Net Ordinary Income	(\$37,836)	(\$157,870)	(\$120,034)

WMLP

Revenue reduced slightly Y-T-D for WMLP however, expenses were reduced in excess of the revenue reduction, this created an increased net profit of \$12,029 over the comparison period.



Willows Management January - August			
	2019	2020	Variance
Contractual Revenue	\$150,533	\$150,533	\$0
Employee Allocation	\$254,075	\$245,287	(\$8,787)
Other Income	\$9,849	\$3,378	(\$6,471)
Rental Revenue	\$312,075	\$314,785	\$2,709
Total Income	\$726,532	\$713,983	(\$12,549)
			\$0
Total Expense	\$643,042	\$618,463	(\$24,578)
			\$0
Net Income	\$83,491	\$95,520	\$12,029

BUSINESS OUTLOOK WINTER 2020/2021

Comparative Revenue Report							
Report generated on: 09/14/2020							
Period: 12/01/2020 - 04/30/2021	Recorded by: 09/14/2020						
Property	Nts Avail	Nts Booked	Nts Blocked	Nts Occupied	Guest Occ %	Total Occ %	Total Revenues
Willows 101	151	29	6	35	19.21	23.18	\$10,640
Willows 102	151	96	6	102	63.58	67.55	\$45,880
Willows 103	151	17	20	37	11.26	24.50	\$15,040
Willows 201	151	40	6	46	26.49	30.46	\$19,200
Willows 202	151	90	6	96	59.60	63.58	\$28,480
Willows 301	151	72	6	78	47.68	51.66	\$15,700
Willows 302	151	68	6	74	45.03	49.01	\$25,680
Willows 401	151	65	6	71	43.05	47.02	\$4,800
Willows 402	151	72	6	78	47.68	51.66	\$23,220
Willows 304	151	21	45	66	13.91	43.71	\$41,960
Willows 305	151	21	6	27	13.91	17.88	\$38,800
Riva Ridge 700	151	36	16	52	23.84	34.44	\$20,840
Riva Ridge 655	151	28	6	34	18.54	22.52	\$0
Riva Ridge 660	151	17	13	30	11.26	19.87	\$8,100
Riva Ridge 705	151	33	6	39	21.85	25.83	\$18,510
Riva Ridge 715	151	6	6	12	3.97	7.95	\$4,560
Riva Ridge 720	151	7	6	13	4.64	8.61	\$6,160
Riva Ridge 725	151	6	6	12	3.97	7.95	\$0
Riva Ridge 740	151	79	6	85	52.32	56.29	\$24,450
Riva Ridge 745	151	22	6	28	14.57	18.54	\$16,320
Riva Ridge 760	151	7	144	151	4.64	100.00	\$5,200
Edelweiss 302	151	0	151	151	0.00	100.00	\$0
Edelweiss 405	151	30	6	36	19.87	23.84	\$12,270
Riva Ridge 665	151	22	60	82	14.57	54.30	\$32,400
Riva Ridge 735	151	6	6	12	3.97	7.95	\$0
Totals	5436	890	2073	2963	589.40	1962.25	\$418,210
Period: 12/01/2019 - 04/30/2020	Recorded by: 09/14/2019						
Property	Nts Avail	Nts Booked	Nts Blocked	Nts Occupied	Guest Occ %	Total Occ %	Total Revenues
Willows 101	152	32	13	45	21.05	29.61	\$10,800
Willows 102	152	46	13	59	30.26	38.82	\$11,602
Willows 103	152	26	13	39	17.11	25.66	\$26,055
Willows 201	152	62	7	69	40.79	45.39	\$54,160
Willows 202	152	38	0	38	25.00	25.00	\$17,374
Willows 301	152	41	7	48	26.97	31.58	\$0
Willows 302	152	35	0	35	23.03	23.03	\$14,480
Willows 401	152	24	0	24	15.79	15.79	\$6,000
Willows 402	152	36	0	36	23.68	23.68	\$33,554
Willows 304	152	32	0	32	21.05	21.05	\$46,437
Willows 305	152	35	12	47	23.03	30.92	\$97,236
Riva Ridge 700	152	12	12	24	7.89	15.79	\$9,100
Riva Ridge 655	152	41	0	41	26.97	26.97	\$19,280
Riva Ridge 660	152	15	12	27	9.87	17.76	\$5,500
Riva Ridge 705	152	31	12	43	20.39	28.29	\$30,288
Riva Ridge 715	152	7	12	19	4.61	12.50	\$10,500
Riva Ridge 720	152	23	0	23	15.13	15.13	\$5,200
Riva Ridge 725	152	20	12	32	13.16	21.05	\$22,300
Riva Ridge 740	152	30	5	35	19.74	23.03	\$16,295
Riva Ridge 745	152	21	0	21	13.82	13.82	\$18,184
Edelweiss 405	152	30	1	31	19.74	20.39	\$11,612
Riva Ridge 665	152	29	12	41	19.08	26.97	\$37,928
Riva Ridge 735	152	16	1	17	10.53	11.18	\$32,335
Totals	3648	685	144	829	450.66	545.39	\$536,220

As shown in the previous table, winter business is significantly below last year's level at this time. This summer we have seen an unusual amount of reservations that confirmed close in to their vacation time. If that trend can translate to winter business also, there is hope that the winter season can perform without large reductions in revenue.

REAL ESTATE

The last sale of a Willows Quarter Share interest was unit 202-B at the end of 2019. Sales price \$829,000.

COPY OF MEETING NOTICE

August 12, 2020

Notice of Annual Meeting for:

**Willows at Vail Homeowners Association
Willows Quarter Share Condominium Owners LLC
Willows Management Company LP
Willows Condominium Association**

The Annual Meeting for the above listed organizations will be held on Saturday, September 19, 2020 at 9:00 a.m. at Vail. This is your official notification of this meeting and we encourage all owners to attend. We have attached an agenda for the meeting with this notice.

If you are not able to attend the Annual Meeting, you may select an individual to vote as your proxy. A proxy is enclosed with this notification. Please indicate your choice of proxy, sign and date and return the form to the Willows no later than September 19, 2020.