

**VAIL RACQUET CLUB  
ANNUAL HOMEOWNERS ASSOCIATION MEETING  
APPROVED MINUTES  
Saturday - July 23, 2005**

**Attendees:**

Board of Directors:

Peter Lathrop - Board President  
Michael Bloom - Board Vice President  
Vernon Taylor - Board Secretary  
Mark Christie - Board Member  
Tom DuBois - Board Member  
Steven Weingruber - Board Member  
Fred Witsell - Board Member

Management and Consultants:

Matt Ivy - Association Manager  
John Russell - Association Controller  
Jerry Orten - Association Attorney, Orten and Hindman  
Joe Adams - CPA, EKS&H  
Jana Allard - CPA, EKS&H  
Beth Hensel - taking minutes

Homeowners

**Call to Order:**

The meeting was called to order at 2:32 pm. Notice of the meeting was proven and quorum established. Introduction of the Board of Directors was made with a note that Scott Proper was not able to attend.

**Approval of the 2004 Annual Meeting Minutes:**

Mr. White made a motion to waive the reading and approve the 2004 Annual Meeting minutes. The motion was seconded and passed unanimously.

**Report of the President:**

Mr. Lathrop said the VRC is doing very well economically and the property values are surpassing the rest of the valley. He said the Club looks excellent since the remodel with very few punch-list items to work on. He explained that the VRC residential buildings are aging at 30+ years and the Board is being vigilant in keeping funds to maintain the property properly. He said that after four years without a dues increase that the dues went up this fiscal year by 6% and all of the increase is earmarked for maintenance expenditures. He said the Board plans to see other funds collected through capital programs such as Building 15 conversion and sale, Building 1 storage unit development and rental and possibly converting some of the Garden Level Units and putting them up for sale. He said he is committed to not raising homeowner dues.-

He said the Board in the past year has been actively researching the various VRC business models and is exploring any improvements that could be made. He explained that the Maintenance Department is the most expensive to operate and they are currently reviewing this department. He added that the Rental Program is also being researched and they will review that area next.

### **Report of the Treasurer:**

Mr. Adams reviewed the financial statements. He explained that the Association had received the best review in the Auditor's Report and offered the highest level of assurance that the CPA firm could give. He reviewed the Balance Sheets and explained that the accelerated maintenance reserve items were completed during the remodel in order to take advantage of construction timing and pricing. He then reviewed the Statement of Operating Revenue and Expenses. He asked that the homeowners review the Notes to the Financial Statements in their own time. He reviewed the Combined Balance Sheet and said that congratulations were to go to Mr. Ivy and his staff on managing the Association through the remodel. He said that there was a lot of exposure for cost overruns and that management brought the project and operations in on budget. He reported the budgets and financial statements look great.

A homeowner asked why the Operating Balance is so high for the Club this year? Mr. Adams explained there was some depreciation subtracted and revenues were not strong during remodel.

A homeowner asked if the special assessment covered the full cost of the renovation. Mr. Ivy explained that it did and the additional accelerated reserve items were paid for by the reserve maintenance fund.

A homeowner asked where the reserve fund is invested. Mr. Lathrop said in money market accounts.

A homeowner asked how much club revenue is from the rental operation. Mr. Adams said \$98,981 and the Club income of \$677,470 includes the homeowner's contribution.

### **Candidates for Election to the Board of Directors:**

Mr. Lathrop explained there were three positions available on the Board of Directors and six known candidates running. He said those candidates were Kim Dixon, Larry Dreyer, Tom DuBois, Kim O'Brien, Ron Sorrels and Steven Weingruber.

### **Report of the Manager:**

Mr. Ivy explained that quorum was established but difficult to get and thanked the homeowners that returned their proxy and those that attended.

Mr. Ivy introduced the VRC Association staff.

John Russell - Controller

JR Cruz - Housekeeping Manager

Ginger Guyton - Administrative Assistant  
Craig Holst - Club Manager  
Christine Wight - Group Sales Manager  
Kimberly MacDonald - Front Desk Manager  
Iris Nelson - Maintenance Office Manager

Mr. Ivy was happy to announce the property values at VRC had been soaring. He said 45 units sold in the past year and the new benchmark prices for each unit were \$322,500 for a 1-bedroom, \$480,000 for a 2-bedroom, \$535,000 for a 3-bedroom and \$640,000 for a townhome. Overall the percentage increases were 26% for 1-bedrooms, 43% for 2-bedrooms, 57% for 3-bedrooms and 53% for townhomes. He noted that the Board was hoping for an increase of 10% to values after the remodel and they have exceeded expectations. He said the property is doing much better in value increases than the other East Vail neighbors and feels the Association's investment in the remodel was very worth while.

Mr. Ivy said that the remodel came in on budget with the contracted items and there are a few punch list items to finish.

Mr. Ivy said that Phase II of the remodel is to renovate Building 15 offices into 4 2-bedroom units. He said the Board is verifying the cost of the contract and reviewing structural issues. He said he expects the project to start in 1 week. He said it would take 4-5 months to complete and there is a process of changing the declarations for that building. He said the sales price needs to be determined and will be in the \$500,000 price range. He said he will be sending out notice to the homeowners for a chance to purchase and if there are more than 4 homeowners interested then it would go to a bidding process. After that the Right of First Refusal would take effect for the Building 15 homeowners.

Mr. Ivy thanked the participants in the 2005 Homeowner's Survey. He said this is a valuable tool for management and the Board of Directors.

Mr. Ivy announced that the VRC had been awarded the Platinum Service Award by the Vail Valley Convention and Tourism Bureau. Also, the property has been upgraded in their system to a 4 star gold rated property, which will list the VRC to many wholesale vendors as well as individual guests. Thanks to all homeowners who have upgraded their units and made this designation possible.

A homeowner asked if management or the Board works with the county on the tax rates for the new property values. Mr. Ivy stated the county needs the individual homeowners to make their own petitions.

A homeowner said he thinks the Right of First Refusal is antiquated and would like it changed. He also suggested VRC establish a real estate office to increase income to the property. Mr. Ivy explained that the Board had addressed this issue with him, and

that the Right of First Refusal is in the Declaration and that it is an overwhelming process to change the Association's Declarations.

A homeowner asked if the expected sales of the Building 15 units should net \$2 million, why is the Association only expecting \$500,000 in profit. Mr. Ivy explained that the difference included taxes, the cost of the renovation and to pay off current loans.

### **Report of Committees:**

Reports were provided on a handout to update the homeowners of the committee activities and goals. Mr. Lathrop said he would take questions at the end of the meeting.

### **Election of Directors:**

Mr. Lathrop turned the proceedings over to Secretary Taylor. Mr. Taylor asked if there were any additional nominations for Board of Directors from the floor. There were no more nominations and nominations were closed. He asked that each of the candidates come to the front of the meeting and give a brief introduction of themselves. Each candidate spoke and Mr. Taylor asked that all homeowners cast their ballot. He asked that two homeowners accompany the CPAs for the tallying of the ballots.

### **Unfinished Business:**

A homeowner asked about the sign at the entrance to the townhomes for slowing traffic that was in last year's minutes. Mr. Ivy said there was a caution "curve ahead" sign installed to slow traffic. The homeowner said that the sign needs to say "slow-kids at play". Discussion followed and it was agreed to consider adding another sign.

### **New Business:**

A homeowner asked if there could be something done on Meadow Drive to slow traffic. Another homeowner asked if the town would enforce people walking down the proper side of road. Discussion followed regarding 15 mile an hour speed limit being unreasonable and what was the proper side of the road to walk down. Mr. Ivy said that the road was Town of Vail property and management would contact the Town to voice the concerns.

A homeowner asked if the minutes to the Committee, Board and Annual meetings could be posted on the web site. Mr. Ivy explained that they are working on a special homeowner web page with a new access code so it can be secure.

A homeowner asked for an update on the I-70 sound barriers. Mr. Ivy said the Town of Vail is taking on this cause and they continue to work with CDOT on the problem.

A homeowner asked if the ice rink, fire pit and women's locker room mirrors got scrubbed. Mr. Lathrop said he was unaware of plans for an ice rink. Mr. DuBois said they would look into the possibility of an ice rink for the winter. He explained that the fire pit was elected to be removed from the plans for safety and control reasons but gas was plumbed into the original spot so it is possible for the future. Mr. Ivy explained that the mirrors were installed over the winter.

A homeowner asked if there are better meeting room chairs ordered. Mr. Ivy said they were ordering new chairs but they were not ordered at the beginning of the remodel because of the need to keep the remodel within the budget.

A homeowner asked about dogs on the property. Mr. Ivy explained that the rules and regulations regarding dogs were sent out several times last year and they will continue to do so.

A homeowner said that he had a run in with a bear on the property and warned homeowners to be careful.

A homeowner asked what can be done when renters break the dog rules. Mr. Ivy asked that management be alerted to the situation.

A homeowner asked if it was the homeowner's responsibility to fix decks. Mr. Ivy explained that it is a common area maintenance item for the Association and to please call issues into the Maintenance department so that they are aware of the problem.

A homeowner asked what can be done about noisy renters. Mr. Lathrop said that management is directed to screen renters. He said that security has been hired during busy times but that is an expensive solution. He said there have been instances when short term renters have been evicted. He said homeowners should call the office or if it is after hours, call the police.

A homeowner alerted management to a deck problem in Building 12. Mr. Ivy discussed limited common elements and asked that homeowners make reports by calling the maintenance office.

A homeowner asked if the burned grass will grow back or be resodded. Mr. Ivy said there were some irrigation problems that are now resolved and the problem areas are being tended to. He also said that it had been unusually hot in Vail and the drought conditions had continued and water restrictions were in place.

A homeowner asked what can be done with babies and small children in the pool and hot tubs. Mr. Lathrop said the Board had discussed the baby pool issue and will ask management to enforce the rule more strictly.

A homeowner asked if the Association should change auditors every few years. Mr. Lathrop said the Board has looked at getting a different CPA firm and that the current firm specializes in Associations.

A homeowner asked if the proxies should be voted by the attending homeowners and not the Board to be more fair. Mr. Orten explained that the proxies may be signed to any homeowner but if no one is assigned to the proxy it then defaults to the Board of

Directors and there is no Colorado state law to designate those votes. He said the Board is acting fairly and legally.

Mr. Lathrop thanked all the homeowners for their involvement.

**Election Results:**

Mr. Taylor reported that the following members were elected to a 3-year term on the Board of Directors:

Tom DuBois

Kim Dixon

Steven Weingruber

**Approval of the 2004/5 Actions of the Board of Directors:**

Mrs. Dodge made a motion to approve the actions of the 2004-2005 Board of Directors.

Mrs. Weingruber seconded and the motion passed unanimously.

**Adjournment:**

The meeting was adjourned at 4:15 pm.