

**Vail Racquet Club Mountain Resort**  
**Owners Association Annual Meeting**  
**Saturday - August 18, 2012**

***Approved***

**Call to Order:**

Richard Moothart called the meeting to order at 2:10pm. Notice of the meeting was proven and a quorum was verified.

**Approval of the 2011 Annual Meeting Minutes:**

A motion was made to waive the reading and approve the August 20, 2011 meeting minutes as presented. The motion was seconded and passed unanimously.

**Report of Officers:**

**President's Reports – Dr. Moothart**

Dr. Moothart welcomed everyone and introduced the Board of Directors. He then reviewed several Association highlights which had occurred over the last year. These included a strong financial year, the new Vail Racquet Club Mountain Resort name, and the addition of two staff members; Wendy Martin, Director of Sales and Marketing and Amy Roden, Front Desk Manager.

He then reminded the homeowners that the 3% monthly assessment increase this year was dedicated to fund the capital reserve. He said last year there was no increase, but the Association's policy is to raise monthly assessment by 6% per year in order to keep up with inflation and fund the capital needs of the property. He also said that Decks and Patios at Buildings 1 and 2 replacements will begin this fall.

Dr. Moothart said the 2012 Homeowner Survey has been reviewed by the Board of Directors and overall the responses were very positive. He provided a recap saying that there were 130 responses total and 52% have owned at the VRC for more than 10 years. He said 56% of the owners are 60 years or older and that scores for very good and excellent were 80% with the property appearance & maintenance, 87% on the Club, 87% with the performance of the General Manager, 86% for the Front Desk and 73% for the Board's performance.

Dr. Moothart introduced Joe Adams from EKS&H the Association's Accounting Firm.

**Treasurer's Report – Joe Adams, CPA**

Mr. Adams presented the financial report from the CPAs. He said that this year his firm conducted a review and does a full audit every 5 years. He stated that there was a clean review with no modifications needed, the books and records are in great shape and everything was in accordance with GAAP. Mr. Adams reviewed the financial report including the Balance Sheet and said that it was a strong balance sheet with adequate cash for operations. Mr. Adams then reviewed the Statement of Income & Expenses, the Statement of Changes in Fund Balances, Statement of Cash Flows, the Operations

Breakout and the 10 Year Capital Plan. He said the supplemental information (10 Year Plan and Reserves) is not reviewed and is presented as prepared by VRC management. In summary he said management did a good job in bringing in positive results in a weak snow year.

Serge Goldberg (F2) asked why there was an increase in capital assessments if P&L is good this year. Mr. Ivy said the Association's plan is to build the reserves in order to complete a deck replacement project every two years. He said the reserves are built up and then will go down after the project and then rebuild again on a 2 year cycle.

**Report of Known Candidates:**

Ms. Dixon reported on the known candidates stating that Chris Barr (9-18), Rhonda Salinsky (15-5), Ron Sorrells (9-6) and Fred Witsell (O-2) had all expressed their interest in running for election to the Board. Ms. Dixon noted that nominations will be open from the floor during the introduction of the candidates.

**Manager's Report:**

Mr. Ivy introduced the Management Staff:

- JR Cruz – Housekeeping Manager/3E Owner
- Craig Holst – Club Manager
- Lindsay Stadler – Refurbishing Coordinator
- Wendy Martin – Director of Sales and Marketing
- Sandra Perrig Holst – Group Sales Manager
- Amy Roden – Front Office Manager
- Iris Nelson – Maintenance Office Manager
- Steve Weinberger – Accounting Manager
- Steve Loftus – Director of Maintenance
- Jim Cannava – Controller

**Real Estate Update -**

Mr. Ivy reported there has been good sales activity and 24 units sold this year. The sales were as follows:

- One Bedroom – range of \$190,000 to \$239,000
- Two Bedrooms – range of \$380,000 to \$405,000
- Three Bedroom – range of \$420,000 to \$500,000
- Townhomes – range of \$540,000 to \$630,000

The average sales prices from prior year to this year were as follows:

- One Bedroom - \$270,000 to \$214,000, a 21% decrease
- Two Bedrooms - \$396,500 to \$395,000, a .5% decrease
- No Three Bedroom condos to compare
- Townhome - \$587,500 to 569,000, a 3% decrease

Mr. Ivy noted only 6 units are for sale versus a peak of approx 30 in the past several years and this may be good for the real estate market.

**Rental Operations -**

Mr. Ivy reviewed the past year's results and said that in spite of the drought and low snow year, room revenue exceeded the previous year and the Rental Operation did generate cash after an add back of depreciation. He said that summer is tracking well.

June had seen numbers lower than expected because of the drought and wildfires in the news, but the VRCMR recorded the best July ever and August was tracking well.

He said that after some review the Rental Operation's management was reorganized and that now there was a manager dedicated to sales and marketing and another who oversaw the front desk operations. He said that Wendy Martin was the new Director of Sales & Marketing and Amy Roden was the Front Office Manager.

Mr. Ivy noted that as part of the re-organization process marketing and sales efforts are being reviewed and rebuilt from the foundation up. He said this will benefit all owners and that they are not just marketing the rental program. Mr. Ivy noted that they were emphasizing the attributes of the property and the location and promoting themes such as Family Fun & Friends, and the Base Camp for Active Lifestyles.

Mr. Ivy noted that all these things contributed to the name change initiative saying that at the Annual Meeting last year one homeowner suggested that the name Vail Racquet Club did not really describe the property very well anymore. Mr. Ivy said that by now adding "Mountain Resort" to the name that it is a truer reflection of what the property actually is and that this change is anticipated to also help enhance property values. Mr. Ivy noted that the official name of the property did not change and that it was still the "Racquet Club Owners Association". However, by dropping "Townhomes and Condominiums" from the name and adding "Mountain Resort" it helps to change people's perceptions of the VRC and better explains the unique attributes of the property.

Mr. Ivy said that an updated website had been launched to help promote the new themes and it is much more energetic and has a lot of activity based photos. He encouraged the homeowners to look at the new website and reminded everyone that the Homeowner's section is still available.

Mr. Ivy reported that the Association earned the Platinum Service Award for the 9<sup>th</sup> Year in a Row and is the only property in Vail to achieve this accomplishment.

#### **Club -**

Mr. Ivy noted that the New Club Membership Cards had been very successful in monitoring usage of the Club and capturing more revenue. He reminded the owners that they get 10 free passes annually and that discounted rate punch cards are available for purchase. He said that guests of owner's get a preferred rate of \$10 compared to the regular day use rate of \$20.

Mr. Ivy noted the plans for the 2015 World Alpine Championships in Vail and he said there would be a lot of special events. He said that historically it is not a sold out time period and encouraged owners to come up and enjoy the events.

Mr. Ivy thanked the Homeowners for the opportunity to be part of such a special property and said that the VRC really is the base camp for active lifestyles and it is all about family, fun and friends.

Dr. Moothart then acknowledged the staff, and thanked Matt for building a strong organization.

## **Reports of Committees:**

### **Finance Committee - Mr. Sorrells Chairperson**

Mr. Sorrells reported on the following:

- Gave appreciation to James Cannava for doing a great job with the CPAs review
- Main focus for committee is the budget review and preparation.
- Regarding Dues increase:
  - Operating Budget has been flat for years i.e. 3-4 years
  - Increases have gone to capital
  - Committee challenges management to keep flat operations budget
  - Working to build reserves

### **Rental Committee – Ms. Dixon Chairperson**

Ms. Dixon reported on the following:

- Very pleased with results of last year.
- Welcomed Wendy Martin and is looking forward to the marketing benefits for all owners.
- Rental operating surpluses have been used to benefit rental owners and are rebated back to owners through items like door locks and safes.
- Maintained high Gold rating with the Lodging Quality Assurance program.
- New Software still has a few bugs, but it is working for day to day operations.
- Seeking to embrace new technology by allowing owner's use of third party websites for marketing, but are also seeking to be fair so that owners who participate in the Rental Operation are not penalized. Also, it is important to achieve compliance with bylaws. There will be more information to follow on this topic.
- New 4 page welcome flyer is provided to all incoming rental guests which includes property information and helps to make guests familiar with all the benefits & services offered.

Jeff Bowen (9-15) asked for the total number of units in short term rental program. Ms. Dixon noted the number varies from about 100 to 105.

Bruce Noble (11-11) asked if Ms. Dixon to be more specific regarding comments on VRBO. Ms. Dixon said the Board is seeking to find a solution for VRBO units that use the services of the VRCMR but do not contribute any money to the operation. She said that more information will follow regarding how the Association will handle this issue.

### **Club Committee – Ms. Salinsky Chairperson**

Ms. Salinsky reported on the following:

- New Membership Cards are working well to control Club access.
- Collected more than \$20,000 in additional usage fees.
- New locker room lighting has been installed.
- Improved locker room ventilation has been installed.
- Adult hot tub was refinished with a mountain motif.
- New swimming pool filter system was installed.
- New elliptical, ski, Stairmaster machines have been added to the fitness center.
- Yard games are now available for rental guests.
- Several cruiser bikes are available for rental guests.
- Venture Sports is a business partner to provide bike rentals.
- Tennis Program this year has been very active.

- Youth swimming program was a great success this year.
- Fitness classes are listed on VRCMR website.
- Women's Empowerment Workshop takes place this September and the VRC will be the 'base camp' leading to off-site activities.
- Monthly dues that owners pay for their Club membership has been constant for many years and the Board plans to keep dues constant for this year as well.

Dawn Hashbarger (H-3) asked if there has been any thought on curtailing cell phone use around pool? Ms. Salinsky replied no. It was then suggested that a sign might be placed at the pool area to curtail phone usage as courtesy to others.

Les Levin (12-16) requested that the club stay open later in the summer. Discussion followed.

There was a question regarding changing the pool to a Saline based system and the answer was that there were no plans to change to this system.

**Compensation Committee – Mr. Witsell Chairperson**

Mr. Witsell reported on the following:

- Goal is to provide compensation to the VRCMR staff in line with the Vail Valley.
  - Owner survey impacts compensation.
  - Financial performance impacts compensation.
  - Property values impacts compensation.
- Important to compensate staff fairly & to retain them.

**Building and Grounds Committee – Mr. Bloom Chairperson**

Mr. Bloom reported on the following:

- The VRCMR has over 20 acres, 32 buildings, 334 units
- Capital Budget is about \$600,000 in projects each year
- The property is aging and it needs to be maintained in order to protect values.
- Reviewed the Design Review process – work to maintain appearance
- Projects completed this past year:
  - Heated walkway to the Townhomes
  - Improved walkways and entries at Buildings 9 and 10
  - New pool filter and plaster at the adult hot tub
  - Replaced tennis court screens
  - New stair tower lighting
  - Surprise repair of a water main at Building 11
  - Bldg 1 & 2 deck and patio replacements starting this fall

Sybill Navas (6-4) mentioned that there appears to be erosion at the walkway by Building 6 and if anything could be done. Mr. Loftus said they repaired the biggest problems a few years ago and that plans to address the sidewalk and patio are being done at the same time as the deck projects in order to increase efficiency.

Tom Logan (1-14) asked if the capital projects are coming in on budget. Mr. Loftus answered that he makes sure the Capital Plan and projects come in on budget. Mr. Bloom then spoke in acknowledgment of Mr. Loftus's skill, expertise and management of the projects and the budget. The audience responded with applause.

A question was asked regarding the pine beetle and tree replacement. Mr. Ivy responded that the Association sprays seasonally for pine beetle and for pine scale, and for aphids and black leaf disease for the Aspens. He said that some trees have been impacted by beetle kill and the replacement program has been that more trees are added than removed and that they are seeking to add species diversity with some of the replacements. He also said that part of the landscape plan allows for replacements and additions that are due to natural aging and not necessarily because of diseased trees.

#### **Election of Directors:**

Dr. Moothart noted three Board positions are generally open each year and that each position is for a three year term. Dr. Moothart asked whether there were any nominations from floor that would add to the candidate list identified earlier in the meeting. There were not any other nominations.

#### **Introduction of Candidates-**

Dr. Moothart called upon each of candidates and asked them to introduce themselves. All four candidates gave their introduction; Fred Witsell (O-2), Ron Sorrells (9-6), Rhonda Salinsky (15-5), and Chris Barr (9-18).

A question was asked if there are Board of Director term limits and how long each nominee has served on the Board. The response was that there are no term limits and each current member running for election replied; Mr. Sorrells 6 years; Ms. Salinsky 3 years; Mr. Witsell 9 years.

#### **Vote-**

Dr. Moothart reminded owners to vote for 3 candidates on each ballot and he asked for three homeowners to volunteer and help count the ballots.

#### **Unfinished Business:**

There was no unfinished business.

#### **New Business:**

#### **Homeowner Comments-**

Ms. Dixon spoke regarding the Homeowner Survey comments and said the Board does read comments and seeks to be responsive. She said for any specific concerns, please contact the appropriate manager or Matt Ivy. She then briefly went through the comments:

- Deck painting; *it is being done periodically as prioritized.*
- Positive feedback on landscaping
- Dog feces complaints
- Maintenance shed appearance; *Staff has been seeking to improve appearance but there is not a good viable alternative location.*
- Great feedback for James and the Accounting staff and both strong positive and negative feedback on the new owner statement format.
- Received positive comments regarding Amy and the Front Desk staff and the benefit of hiring staff with experience
- Positive feedback on locker room lights and showers
- Owners like the fitness classes offered by the Club but are concerned about changing the times of the classes

- Opinions on the cost for guests to use the club; *there are guest passes for owners and punch cards at lower cost.*
- Good feedback on Matt Ivy, the General Manager
- Owner noted diverse membership.
- Owners appreciate the BBQ pit / picnic area by the park
- Property security concern; *VRC hires security only a few times per year, but for late night issues or noise please call the Town of Vail police.*

Ms. Dixon then opened the floor for questions and comments.

Chris Barr (9-18) asked if the dog rules have changed. The response was that owners can have pets on leashes or voice command within 10 feet. However, dogs must be on a leash in lobby. Mr. Sorrells commented on dogs and parking concerns and said after investigation the problems are generally due to “us”, the owners or their guests. It appears that renters are not causing the issues and there are really very few poachers of parking.

Joe Janik (15-11) noted that on July 4<sup>th</sup> people were in pool after hours. Unfortunately, the answering service was non-responsive and reported back that the on-call person was non-responsive. He questioned such a poor response from the answering service. Ms. Dixon said they would look into the issue and deferred to Matt to reply later.

Jeff Halter (M-2) noted the lockers are too small to use in the winter. This was referred to the Club committee to consider for the future.

Tom McCoy (3-12) asked the Board to re-consider allowing the voice control rule for pets (dogs). His experience in the last few days prior to the meeting was that dogs off leash rushed toward others and it can be frightening and dangerous. The audience applauded and then Dr. Moothart asked for a show of hands for who thought there should be a strict leash law and that all pets had to be on a leash whenever on property. It appeared that approximately 80% of those owners present would like a strict leash only rule.

Jeff Halter (M2) asked if there have been any dog bites/attacks in last five years. Mr. Ivy replied, one that he was aware of.

Les Levin (12-16) noted that she owns a small dog and a “friendly” dog almost attacked/hurt her. Dr. Moothart replied that the Board will review the leash rule. She then asked if elevators or dumb-waiters would be possible and Ms. Dixon replied that individual buildings could decide to investigate this for themselves and fund, but that the Association did not have plans or the budget for such an item.

Betty Janik (15-11) asked if the Association would provide assistance to owners to carry bags up to their units for a fee. Mr. Ivy replied that about 12 years prior, the VRC had a guest services person on staff and that staff member was cut due to cost savings. He said currently there is not staff available to assist.

Bruce Noble (11-11) commented on the Town of Vail bus system and noted that new busses were smaller, had fewer seats, slippery surfaces, and no racks for ski gear on outside. Mr. Noble said he sent a letter to the Vail Town Manager. He asked for the VRC Board to write letter questioning the issue. Mr. Bloom replied that he had already

spoken with Vail. The new buses are more energy efficient and hold more people due to standing, rather than seats. Mr. Noble reported that newer smaller buses were chosen to fit the bus washing machine. Even bus drivers do not like the new buses. Mr. Sorrells noted that ski lockers at the mountain are available as an alternative to wearing slippery ski boots on transit.

Richard White (5-10) said he had been an owner for many years and commented that the property looks better than ever and is a wonderful place to own. Mr. White said that the owners were fortunate to have such great management and staff. He thanked all of the employees and stated that he has observed first hand that people on staff work hard and they care about the property. This was followed by applause.

**Election Results:**

Dr. Moothart announced the results of the election: Rhonda Salinsky, Ron Sorrells, and Fred Witsell were elected to three year terms on the Board of Directors. Dr. Moothart expressed appreciation to Chris Barr for his interest in running for the Board.

**Approval of Actions of the Board of Directors:**

Dr. Moothart asked for an approval of actions by the Board and the owners approved by a show of hands.

**Adjournment:**

Erik Carlson (3-3) made a motion and the meeting was adjourned at 4:00PM