

**VAIL RACQUET CLUB**  
**BOARD OF DIRECTORS MEETING**  
Friday – August 9, 2019  
Minutes

**Attendees:**

Fred Bradford	President
Patty Bortz	Vice President
Hal Naiman	Secretary
Dave Cole	Member
Greg Grotke	Member
Richard Moothart	Member
Rhonda Salinsky	Member

**Absent:** Greg Simpson & Michael Bloom

Becky Kennedy            Owner (5-10) – Teleconference

Joe Adams	Association CPA – Plante Moran
Jerry Orten	Association Attorney – Orten Cavanagh and Holmes
Matt Ivy	General Manager
James Cannava	Association Controller
Lindsay Stadler	Taking Minutes

**Call to Order:**

The meeting was called to order at 1:11 pm. A quorum was established and notice of the meeting was proven.

**Approval of the April 21, 2019 Meeting Minutes:**

Mr. Grotke made a motion to approve the April 27, 2019 meeting minutes as presented. Dr. Moothart seconded and the motion passed unanimously.

**President’s Report:**

Mr. Bradford said that Mr. Ivy and Mr. Loftus are doing a great job and things are going well; the property is looking awesome. He reminded the board members that they would hear from each committee later in the meeting.

**Treasurer’s Report:**

Mr. Cannava reported on the fiscal year end results for 2019 and said they ended favorable to budget which allowed the transfer of funds from the operating fund to the reserve fund. Mr. Cannava reported all entities are favorable to budget two months into FY 2020. He noted that the CPA (Plante Moran) was here in June and the full review went well. He reminded the board members that there will be another review next year and a full audit in 2021.

**CPA Review:**

Mr. Adams (CPA), of Plante Moran the Association's independent auditing firm, conducted a review this year and reported it was a clean review and the books and records are in great shape.

Mr. Adams reviewed the financials including the Balance Sheets, Statements of Operation Revenue and Expenses, Statement of Changes in the Funds Balances, Statement of Cash Flows and the Notes to the Financial Statements and said the balance sheet is strong. Mr. Grotke asked if a special assessment audit will be done and if the CPA looks at how we're doing compared to budget. Mr. Cannava responded yes, and explained that have spent a lot of time reconciling with the auditors.

Mr. Adams commended Mr. Cannava and his staff for doing a great job.

**Manager's Report:**

Unit Sales-

Mr. Ivy said there have been 21 units sold during the past year (since last August) compared to 20 units the previous year. He noted sales:

- 8 - One Bedroom Condos \$340,000 - \$399,990
- 9 - Two Bedroom Condos \$512,000 - \$690,000
- 0 - Three Bedroom Condos
- 4 - Townhomes \$674,000 - \$ 972,500

Rental Operation-

Mr. Ivy said the Rental Operation is tracking \$100K behind last year and explained it was largely due to the construction activities. He reported that there are currently 110 short term rental units and Ms. Stadler has spent a lot of time meeting with new owners and assisting current owners with entering the program.

Leave No Trace –

Mr. Ivy said the Colorado Hotel Lodging Association has implemented a new "Leave No Trace" program which allows the VRC to further promote mountain stewardship. It's a great message to share with the rental guests and owners.

Recycling –

Mr. Ivy reported they are still having issues with owners putting items in the recycling containers that are not recyclable. This contaminates the recycling and is then treated as trash with additional fees to the Association. The worst problems come from pizza boxes, plastic bags, Styrofoam and cardboard boxes not being broken down.

Heirloom –

Mr. Bradford introduced the owners of Heirloom, Mike Dennis and his wife Jenn. Mr. Dennis provided updates for their operations and said that managing group functions, nightly service and finding enough staff has all been challenging.

### **Committee Reports:**

Building and Grounds Committee-

Mr. Loftus reviewed the special assessment projects completed and feels that in this overheated construction market it's a miracle that the projects are going well. He said the numbers represent half of the special assessment spend and by the end of the year they will be at 70%.

Mr. Loftus said the gas infrastructure and underground pipe has been installed for the gas fireplaces in the initial phase. Mr. Loftus reviewed the past gas fireplace conversion process at building 15 and explained the challenges and options with the current conversions.

Mr. Loftus reviewed the new locker room floor plans and explained the layout, costs and timeline saying the construction will begin on August 12<sup>th</sup> and should be completed by mid-December.

Design Reviews-

Mr. Loftus said the owner of building 9, unit 1 would like to keep their café lights hanging above the patio and is requesting an exception to the rule. Discussion followed and all agreed to not allow the lights to stay up.

### **\*\*PROPERTY TOUR\*\***

Mr. Loftus conducted a property tour so the Board could see all the capital improvements that have been completed and are underway.

### **Executive Session 4:05 – 4:25 for Compensation and Legal Matters**

The Board informed Mr. Cannava of his new "Director of Finance and Administration" title and thanked him for his strong performance and continued service.

Mr. Cole recapped the analysis of Board of Director term limits including the pros and cons of Board term limits. He noted from previous experience if there are term limits, they are typically 6-9 years. The average term length is 5.8 years that Board members serve at the VRC and there have been 6 new directors in 7 years. He concluded that under the current system there is ample turnover. He noted that the few times we have long serving directors the institutional knowledge is highly valuable to the HOA and we should not prevent owners from having that benefit. He thanked Mr. Witsell, Mr. Bloom and Mr. Moothart for their terms serving on the Board of Directors.

Mr. Orten added that continuity is preferred by state law and said very few HOA's adopt term limits. He said to make a change would require a Bylaw amendment which requires advance notice and at least 50% of the owners would have to vote to approve the change.

The Board concluded that instituting term limits would not be wise.

Club Committee –

Ms. Salinsky said outside club membership is looking good and reviewed the fitness classes, Nike tennis camps, owner/member social and reported that 2 additional peloton bikes were added and new hand weights and mats. Ms. Salinsky reported that pickleball has been very popular and a court across the street will be multipurpose next year and striped as both tennis and pickleball courts.

Ms. Salinsky reviewed the proposed monthly rental fees for the lockers (there will also be free day use lockers). Mr. Ivy said the plan is to let usage dictate the rate; if demand is high then the rates would increase. The committee recommended the initial price of \$15/month for lockers and a discounted locker rate of \$10/month for owners and it was approved unanimously.

Rental Committee-

Ms. Bortz said the spring cleans are all done except for the buildings under construction and those were paid for from the operational surplus. Ms. Bortz said at the Annual Meeting she will do the presentation on the benefits the Rental Operation provides to all homeowners.

#### **Unfinished Business -**

Mr. Ivy reviewed the bike storage situation and said there is currently a waitlist. Some bikes are not being used and are dusty with flat tires. At the Annual Meeting he plans to ask owners who are not regularly using their bikes to remove them and make room for those who need the storage on a more frequent basis. Discussion followed.

#### **New Business**

Mr. Ivy reviewed the proposed 2019/2020 Board of Director Meeting dates and the following dates were agreed upon.

- November 16, 2019
- February 12, 2020 (Teleconference)
- April 25, 2020
- August 14, 2020
- August 15, 2020 **Annual Homeowner Meeting**

The letters from homeowners were discussed and Mr. Ivy said they would go to the appropriate Board committees for further investigation. Mr. Bradford added the board does pay attention to the survey and homeowner's ideas.

The meeting was adjourned at 5:20pm

**VAIL RACQUET CLUB**  
**BOARD OF DIRECTORS MEETING**  
Saturday – November 16, 2019  
Minutes

**Attendees:**

Fred Bradford	President
Patty Bortz	Vice President
Hal Naiman	Secretary
Dave Cole	Member
Molly Daniels	Member
Greg Grotke	Member
Richard Moothart	Member
Rhonda Salinsky	Member
Greg Simpson	Member
Becky Kennedy	Owner (5-10)
Matt Ivy	General Manager
James Cannava	Association Controller
Lindsay Stadler	Taking Minutes

**Call to Order:**

The meeting was called to order at 8:42am. A quorum was established and notice of the meeting was proven.

**Approval of the August 9, 2019 Meeting Minutes:**

Mr. Cole noted he would like to see the length of Board tenure and term limit research added to the August minutes and made a motion to approve the August 9, 2019 meeting minutes with the report included. Mr. Grotke seconded, and the motion passed unanimously.

**President's Report:**

Mr. Bradford welcomed new member Molly Daniels to the Board and passed along the Board committee sign-up sheet. He encouraged everyone to stay on the same committee if they have enjoyed it as consistency and experience is helpful.

**Election of Officers:**

Mr. Cole suggested that all three members remain in their current positions. Discussion followed. Mr. Grotke made a motion that Mr. Bradford continue as President, Ms. Bortz as Vice President and Mr. Naiman as Secretary. Mr. Simpson seconded, and the motion passed unanimously.

**Treasurer's Report:**

Mr. Cannava reviewed the YTD financial summary and noted the Association's combined net is tracking on budget. Mr. Ivy said the increase in water cost is of concern and is not going away. Mr. Cannava added that there are 30 meters on property and said the usage is relatively the same, but the tiers changed, and the more expensive tiers are now entered more quickly.

**Mountain West Insurance-**

Mr. Cannava introduced Meghan Wilson with Mountain West Insurance who reviewed the HOA's Insurance Policy and answered questions from the Board. Ms. Wilson noted the Property insurance is as originally conveyed and that individual owners need to obtain coverage for their units that includes any upgrades they have done from the original construction. She noted the Association is taking some positive steps to bring down insurance costs by replacing the wood shake roofs and wood burning fireplaces. But said that all of western Colorado is listed as a fire zone and this is driving carriers to increase their costs.

Mr. Cannava said this year's common area insurance billing increase was approximately 1.5% and the property limit was increased 3%.

**Manager's Report:**

Unit Sales –

Mr. Ivy reported that 8 units have sold since the last Board Meeting in August. He said a total of 21 units have sold this year, setting new benchmarks which have finally exceeded 2008 sales prices. This includes 10 - One bedrooms ranging from \$340,000 - \$417,500, 7 - Two bedroom units ranging from \$512,500 - \$690,000 and 4 -Townhomes ranging from \$693,000 - \$1,200,000. Ms. Bortz said if you invest in the property, here is the proof that it pays off and Mr. Bradford said it's great to see values going up. Mr. Simpson noted that the locker room renovation will be a tangible improvement. Mr. Cole reminded everyone that there was a bump after the 2004 special assessment club remodel and the values went up considerably.

**Rental Operation-**

Mr. Ivy said Vail Valley short term rentals were down this summer for the first time in 10 years. According to Desimetrics, Vail is down 6% and ADR is down 2%. They reported that Vail is hitting its head on the ceiling as far as rate goes for summer and winter. He noted that 2018 was record setting in terms of occupancy and ADR.

Mr. Ivy was pleased to report that December was looking good and this season is starting off as a "reverse hangover" with lots of early season snow. Mr. Bradford asked if Vail is continuing to see last minute bookings and Mr. Ivy responded yes. He said December is up, but January and February are down and guests are definitely waiting to see what happens with the snow conditions. The VRC gets a lot of Front Range business

and they tend to wait. He also noted with the Epic and Ikon pass, people can wait to see who has the best snow.

#### **Locker Rooms –**

Mr. Ivy said the family room was completed this fall and it has been well used. The locker room renovation is on schedule and the lockers will be here the last week of November with the target opening date as December 16<sup>th</sup>.

#### **Restaurant-**

Mr. Ivy said unfortunately with the locker room remodel the restaurant was affected initially and Mr. Dennis decided to close for the off season and wait to open until November 29<sup>th</sup>.

#### **Committee Reports:**

##### **Club-**

Ms. Salinsky reported there are currently 220 outside club memberships; only 4 down from last year. She said surprisingly they only lost a few memberships due to the locker room renovation which is currently in progress. Ms. Salinsky reviewed the initial locker fees; \$180/year for members and \$120/year for homeowners for the standard size lockers. If demand is high, then prices may be adjusted. She said they expect to have higher quality club towels in the locker rooms as well. Discussion followed.

Mr. Grotke said the front desk staff does a great job at stopping people and asking for their membership cards, and Ms. Salinsky commended the current front desk staff. Mr. Ivy added that Lara Shapiro was voted best Pilates instructor in the Vail Valley and Mr. Cole added that Jill is a great massage therapist.

##### **Rental-**

Ms. Bortz announced that 110 units currently participate in the Short Term Rental Program. December revenue is up 33% over last year, but with only 65% of revenue on the books, there is still a lot of availability to fill. The other winter months are tracking behind, but hopefully with good snow will come rentals.

Ms. Bortz confirmed that all the condo rental units must convert their wood fireplaces to gas in order to participate in the rental program. She said the little in-room amenity bottles need to go and they are researching larger shampoo, conditioner and lotion dispensers. There is some concern about attaching the larger dispensers to the shower tile so management will explore other options.

**Executive Session - 10:55pm - to review compensation matters and the regular Board meeting reconvened at 11:15 AM** - The Board discussed employee related achievements and approved the incentive according to the program.

#### Building and Grounds Committee-

Mr. Loftus reported on the projects and they are tracking really well with the numbers within 1% of the budget. Mr. Loftus reminded the Board that this year was set up to be the most aggressive for projects and it's been difficult and epic. Mr. Bradford thanked Mr. Loftus and said he is very much appreciated.

Mr. Loftus said next year, the Fireplace conversion project will get underway and they will also continue to focus on deck replacements, townhomes and landscaping. Discussion followed.

#### **Design Reviews-**

Mr. Loftus presented E2, E3 and E4's design review application requesting to extend their deck's 8' with vertical posts and add patios. He said in the past 5' deck extensions have been approved and they have to be cantilevered. Mr. Naiman said Building E may be hidden, but the Board should stay consistent with past approvals. Discussion followed and it was agreed the Board members would take a closer look during the property tour.

#### **Noon – 12:40pm Property Tour**

During the property tour of the townhomes, Mr. Loftus requested approval to proceed with Eric Weis Construction for the final townhome stage. Discussion followed. Mr. Cole made a motion to allow Mr. Loftus to contract with Eric Weis Construction for the final townhome exterior improvements. Mr. Naiman seconded, and all were in favor.

The Board toured townhome E and further reviewed the Design Review requests. After returning, discussion followed and it was agreed that handrails should not be allowed on the patios and the boulders should be consistent with what the VRC currently uses.

Mr. Cole made a motion to not approve E2, E3, & E4's Design Review as proposed but instead approve an 8' patio and 5' cantilevered deck, and the drawings and final materials must be approved by Mr. Loftus. Mr. Bradford seconded, and the motion was approved unanimously. Mr. Grotke made a motion to approve the 5' wrap around side deck at E3 with small diagonal posts similar to P1. Mr. Naiman seconded and the motion was approved. Mr. Cole made a motion to approve the window submittals and upfront irrigation restoration charges of \$1,200 for E2, \$1,500 for E3 and \$500 for E4 and Ms. Daniels seconded. Mr. Ivy added that all the owners will need to sign an indemnity agreement as part of the approval. The motion passed unanimously.

Mr. Ivy said the owners of K1 are requesting to put wicker style furniture on their deck and the Board members we all in favor of allowing quality wicker outdoor furniture.

#### **Unfinished Business**

There was no unfinished business.

### **New Business**

Mr. Ivy reviewed the 2019/2020 Board of Director Meeting dates and the following dates were agreed upon.

- February 12, 2020 - 2:00 PM (Teleconference)
- April 25, 2020 - 8:30 AM
- August 14, 2020 - 1:00 PM
- August 15, 2020 - 2:00 PM **Annual Homeowner Meeting**

It was noted the annual Rental Participants Meeting at 3:30pm today.

The meeting was adjourned 1:09pm

**VAIL RACQUET CLUB**  
**BOARD OF DIRECTORS MEETING**  
Wednesday, February 12, 2020  
Minutes

**Attendees:**

Fred Bradford	President
Patty Bortz	Vice President
Hal Naiman	Secretary
Dave Cole	Member
Molly Daniels	Member
Greg Grotke	Member
Richard Moothart	Member
Rhonda Salinsky	Member

**Absent:**

Greg Simpson	Member
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**Audience:**

Becky Kennedy	Owner 5-10
Matt Ivy	General Manager
James Cannava	Association Controller
Lindsay Stadler	Taking Minutes

**Call to Order:**

The meeting was called to order at 2:09pm. A quorum was established and notice of the meeting was proven.

**Approval of the November 16, 2019 Meeting Minutes:**

Mr. Naiman made a motion to approve the November 16, 2019 meeting minutes as presented. Ms. Bortz seconded and the motion passed unanimously.

**President's Report:**

Mr. Bradford welcomed everyone and said that the Board members can look forward to updates from management today including all the operations and the great ski conditions. He said committees have met this week and the chairpersons will provide an update.

**Treasurer's Report:**

Mr. Cannava provided the fiscal YTD financial report and all entities are currently favorable to budget as of January 2020. Mr. Cannava continued and said that water rates are significantly higher than last year. The base rate increased 11% and the Eagle River Water and Sanitation District lowered their tier thresholds. Discussion followed.

Mr. Cannava reviewed the 2020 /2021 preliminary budget planning factors and noted various inflationary pressures across all entities on supplies, utilities, labor and information technology. Mr. Cannava said they are anticipating an HOA Operating Assessment increase of 1 ½ to 2% to cover water and sewer alone, not including inflationary pressures.

**Manager's Report:**

**Unit Sales-**

Mr. Ivy provided a real estate report and said 21 units sold in 2019. He reported that 9 one bedroom condos sold ranging from \$340,000 - \$409,000, 7 two bedrooms condos sold ranging from \$512,500 - \$690,000 and 5 townhomes sold ranging from \$693,000 - \$1,240,000. He continued the average days on the market for a VRC condo in 2019 was 46 days and VRC townhomes were 50 days with the average percentage of list price in at 98%.

**Locker room update-**

Mr. Ivy praised Mr. Loftus as he was able to achieve the December 13<sup>th</sup> target date for the completion of the locker room renovation. He said the locker rooms are getting rave reviews and overall, it's an impressive improvement.

**Rental Operation-**

Mr. Ivy said overall the rental operation is doing well and December reservations were strong. He reported that February has exceeded budget and reservation booking trends continue to be last minute.

**Bike Storage Building –**

Mr. Ivy said the bike storage building was built to accommodate 186 bikes, however with 216 bikes in the building it is breaking capacity. There are 22 owners on the waitlist and more than that have expressed an interested in storing their bikes.

Mr. Ivy reviewed some solutions and Mr. Naiman recommended to implement a registration system and allow 2 bikes per unit at no charge and anything above would be charged a fee. Discussion followed. Mr. Bradford asked Mr. Ivy to come up with a recommendation for the April Board of Directors Meeting.

**Building and Grounds Planning Committee:**

Mr. Loftus reviewed the major capital projects and budget data, and noted that it is amazing what all has been accomplished within a tight budget and increasing construction costs. He then reviewed the preliminary 2020/2021 capital plan and budget, and presented the 10-year capital plan and reserve balance projections. He added that some progress has been made on the gas infrastructure, but the fireplace installations will not begin until next fiscal year. Mr. Bradford congratulated Mr. Loftus on a job well done.

### **Design Reviews –**

Mr. Loftus said townhomes E2, E3, and E4 revised their design review application from the November Board of Directors meeting. In November, the owners requested an 8' deck and 11' patio, however a 5' cantilevered deck and 8' patio was approved. The owners are now asking for a 7' deck with vertical posts and E4 is requesting a wraparound deck. The owners in building E; Dan Recht and Elaine Selsberg (E2), Randy Shefman (E3) and Lauren Abbate (E4) joined the meeting.

Mr. Naiman summarized the resubmitted design review application and noted the owners have worked together and have spent significant dollars on this plan. He said the Building and Ground Planning Committee really wanted to find a way to support this change and appreciated the collective efforts of the owners, but the committee does not recommend approving the new request in order to stay consistent with what was approved at other townhome units. Discussion followed.

Ms. Abbate (E4), Mr. Shefman (E3) and Mr. Recht all separately addressed the board and thanked them for the opportunity to attend the meeting and offered their perspectives on their proposals. Discussion followed. Mr. Recht (E2) felt that cantilevering a deck on his unit would be a hardship and asked for two days to follow up with their architect. Mr. Cole said a week would be better and they can schedule a follow up call if needed. All agreed.

Mr. Bradford called for the question regarding the Building and Grounds Planning committee's recommendation to deny the 7' deck extension request by the owners in building E and leave the approval at 5' cantilevered. Mr. Naiman added unless something unique is found structurally, and the cantilever cannot be done without an extreme hardship. All agreed and the motion passed.

The request for a wrap-around deck at E4 was reviewed and committee recommended approving the wrap-around deck, but it must be shorter in length and end at the left side (south) of the new window to avoid the parking and snow removal area. The committee's recommendation was unanimously approved.

Mr. Bradford thanked the owners of E2, E3 and E4 and appreciated their efforts.

### **Club Committee:**

Ms. Salinsky reported there are currently 291 outside club members compared to 282 at this time last year. She was pleased to report that the club operation is favorable to budget and the owner membership dues increase has helped with the bottom line. Ms. Salinsky said the committee may suggest not adding new fitness machines this year, but are looking at other options such as installing new carpet in the meeting room and yoga studio and upgrading the club level and massage room furniture.

Ms. Salinsky reviewed a homeowner letter from Bill Carter (14-22) asking for the ability to transfer an owner's club membership to his Rental By Owner tenants. She noted the Board had previously reviewed this type of request and received advice from legal counsel. She said according to the Governing Documents this is not allowed and has been clarified with a Board Resolution. The club committee's recommendation is to remain consistent with the previous conclusion and not allow owners to assign their membership to their tenants. All agreed with the committee's recommendation.

**Rental Committee:**

Ms. Bortz reported that the committee was looking at ways to be more green and are looking at larger amenity dispenses like what is currently in the locker rooms.

Mr. Bortz also noted that a Short Term Rental Owner Newsletter and survey were recently emailed to all STR owners and unfortunately not too many responded to the rental participants meeting survey. Those that did respond said the meeting is worthwhile and were interested in a webinar if they couldn't attend in person, so the plan for the next participants meeting is to do an in-person meeting with a webinar.

Ms. Bortz also confirmed that due to creating a safer environment every short term rental unit must convert to a gas fireplace (excluding buildings 9-12 and the townhomes).

**Mission Statement –**

Mr. Ivy asked the board members if the mission statement update was acceptable as written. All agreed. Mr. Bradford made a motion to accept the updated mission statement as presented and Ms. Bortz seconded and the motion passed unanimously.

**Unfinished Business:**

There was no unfinished business.

**New Business:**

Mr. Bradford noted the future Board of Directors meeting dates which are scheduled for:

- April 25, 2020 – Saturday 8:30 AM
- August 14, 2020 – Friday 1:00 AM
- Annual Meeting August 15, 2020 – Saturday 2:00 PM

The meeting was adjourned at 4:53pm

BOARD OF DIRECTORS MEETING  
Saturday April 25, 2020  
Minutes  
*Zoom Teleconference – COVID-19*

**Attendees:**

Fred Bradford	President
Patty Bortz	Vice President
Hal Naiman	Secretary
Dave Cole	Member
Greg Grotke	Member
Richard Moothart	Member
Rhonda Salinsky	Member
Molly Daniels	Member
Greg Simpson	Member

**Audience:**

Tom Dubois	Owner
Becky Kennedy	Owner
Mark Scheel	Owner

Matt Ivy	General Manager
James Cannava	Association Controller
Lindsay Stadler	Taking Minutes

**Call to Order:**

The meeting was called to order at 8:31am. A quorum was established and notice of the meeting was proven.

**Approval of the February 12, 2020 Meeting Minutes:**

Dr. Moothart made a motion to approve the February 12, 2020 meeting minutes as presented. Mr. Cole seconded and the motion passed unanimously.

**President's Report:**

Mr. Bradford commended the board members and said they should be very proud of how hard they have worked through this difficult time. Their hearts are in it and they have been extremely flexible with their time. Ms. Bortz added that management has worked very hard as well.

**Treasurer's Report:**

Mr. Cannava reported on the 2019/20 Fiscal Year End Estimates, the projected surpluses for Reserves and the annual CPA Review and Audit. Ms. Bortz made a motion to

transfer the surpluses to the respective reserve funds for HOA Capital and the Rental Operation. Mr. Bradford seconded and all agreed.

Mr. Bradford added that this positive report should not detract from the seriousness of the impact of COVID-19 and Mr. Ivy agreed and said the next fiscal year outlook is dire.

Mr. Cannava said the annual CPA review for FY 2020 is scheduled to begin in June and a full audit is scheduled for FY 2021.

**Manager's Report:**

**Unit Sales-**

Mr. Ivy reported that there are currently 2 units listed for sale. Showings have not been allowed and there are not many people looking for properties at this time. Two units sold since the last Board meeting in February; one, 1-bedroom unit for \$395,000 and one, townhome unit for \$800,000.

**COVID-19 –**

Last night Eagle County announced details regarding a new public health order which doesn't appear to change the protocols already in place at the VRC. Mr. Ivy presented a timeline and reviewed the VRC COVID-19 response and actions taken since March 13<sup>th</sup>.

On March 13<sup>th</sup>, the VRC received a call from the public health department stating that a long-term renter on property tested positive for COVID-19. (They would not reveal who it was.) After that, on advice from Eagle County Health, the HOA posted notices and on March 14<sup>th</sup> the club facilities were closed. Vail Mountain closed on March 14<sup>th</sup> and the Governor later closed all ski areas in the State. Mr. Ivy said there was strong business right up until the closure of Vail Mountain and then renters all left within a couple of days. As things moved very quickly, the VRC continued to pay close attention to the state and local government requirements and followed their directives.

Mr. Ivy reviewed the new Eagle County guidelines which were released last night. Pools and spas are not allowed to open as well as high touch areas and Eagle County is not inviting outsiders; travel is limited to local residents only. The order defined local residents as persons who own, maintain or reside in a home in Eagle County. The VRC is not soliciting any rentals and all May bookings have been cancelled. Discussion continued regarding the affects of no weddings and groups.

Mr. Ivy reviewed the adjustments that have been done operationally including layoffs, furloughs, limited front desk hours, most managers working from home and contract Housekeeping is cleaning and sanitizing the club building. Mr. Ivy said they have worked to limit the impacts to the budget and are paying close attention to expenses.

Mr. Ivy informed the board members that he provided them with plans for club reopening procedures and will continue to consult with the board. He expects it will be

more of a rolling opening based on County and State guidelines. Mr. Bradford noted that it's important to take time and do the right thing.

#### **Rental Outlook-**

Mr. Ivy reported that as soon as the Covid-19 situation hit, there were wholesale reservations cancellations. All of the summer groups including tennis, swim, weddings and family reunions have canceled. Mr. Ivy said the VRC is in a hold mode and marketing messages will continue to wait until the timing is appropriate.

Mr. Grotke commented on the advantages of not being located in the village including one can socially distance at the VRC better than anywhere in the village, there are no high touch elevators and it's a great spot for biking, hiking and fishing, etc.

#### **Bike Storage –**

Mr. Ivy reviewed several options to address the bike storage capacity concerns and recommended implementing a registration and permit system including a decal on each bike to help track the bikes, control usage and remove those that appear to be abandoned. Mr. Cole strongly endorses this recommendation saying it may be a self-solving issue and now is not the time to charge a fee. All the members agreed and asked Mr. Ivy to proceed with the plan and it will be review again after the summer season.

#### **Rental Committee:**

Ms. Bortz reported several items are on hold right now including converting the smaller in-room amenities to larger bottles, replacing laundry machines and upgrading software. The rental committee decided not to require the annual spring deep clean in the rental units, however they would like to offer the program to all owners as an option.

#### **Club Committee:**

Ms. Salinsky noted they have already addressed the financial impacts that COVID-19 and by virtue of their ownership homeowners are still responsible to pay their club dues even though the club is currently closed. Even with homeowner dues, there are still ongoing expenses and next year they expect there will be financial deficits.

During the closure, some painting and maintenance repairs have been done in the club building. Ms. Salinsky confirmed that all club capital improvements (such as furniture, carpet, pool furniture) are all on hold at this time.

Ms. Salinsky continued that in order to follow the opening guidelines and protocols, everything needs to be in place and some supplies are currently unavailable.

#### **Finance & Compensation Committee:**

Mr. Cole began by saying that the bottom line is there is no way to develop a confident operating budget with how quickly things are changing. Since the preliminary budget in March, there have been 38 significant events that have occurred in response to COVID-

19 at the VRC. Mr. Cole, Mr. Ivy and Mr. Cannava went through 3 budgets initially and kept tweaking them ultimately reviewing 12 detailed budget iterations before settling on three scenarios for final consideration:

1. Base Case: The club budgeted at 50% of outside revenue and rentals at 42% revenue. This scenario assumes many restrictions currently in place would be lifted on a rolling basis and there would be some outside club and rental revenue beginning to pick up in July. Outside revenue climbs to 50% of normal by 5/31/21 fiscal year end. After adding back non-cash depreciation the deficit is about 23% of total reserves.
2. Recession: This budget case assumes the 2021 fiscal year revenue decline approximately equals what we incurred for the 3 fiscal years ending 2009, 10 and 11 combined. If the level of revenues outlined in this case were achieved, the net loss after adding back non-cash depreciation is 5% of total reserves.
3. No Outside Revenue. This scenario assumes there will be no vaccine and restrictions will not be lifted. In this case the physical assets and a level of leadership are maintained in order to enable the Association to effectively function when the situation improves. There are losses and the finance committee cannot responsibly recommend mothballing the VRC.

Mr. Cole said the finance committee met, reviewed the budgets and recommends the Base Case budget and added that it will need to be periodically reviewed and revised based on the ever-changing conditions. He said he does not believe in changing the rules after the game has started, but in this case, we don't know all the rules before starting the game and so adjustments will likely be necessary. Mr. Cole added that management has appropriately reacted to the situation and has already implemented several cost savings measures. Discussion followed.

Mr. Cole reported that the VRC received the Paycheck Protection Program (PPP). The Finance Committee spent a lot of time on how that could be applied and there's a good chance that a large portion of it can be forgiven and will help offset operational losses.

#### **Executive Session for Compensation Review: 10:11am - 11:03am**

Mr. Cole said there were no changes made in Executive Session and the Finance Committee recommends the Board approve the Base Case Budget as presented with knowledge that they will meet periodically to review the budget and make adjustments as needed. Mr. Naiman seconded and the motion was unanimously approved.

#### **Building and Grounds Planning Committee:**

Mr. Loftus reviewed the success of the in-house safety program in 12 ½ years there have not been any OSHA recordable injuries. He also reviewed the safety precautions currently in place to address Covid-19.

Mr. Loftus reviewed the Proposed 20/21 Capital Plan and suggested changes from the preliminary plan from February which included the acceleration of the roof replacement on Building 14 and the deck replacement deferral on Building 15. Mr. Loftus also reviewed the proposed addition of an electric vehicle charging station, the Eagle River Water and Sanitation compliance and Building Signage among others.

Mr. Loftus reviewed the 10 year capital plan from February 2020 and compared it to the updated plan. Mr. Loftus reported that with the pool closed, he was able to determine the extent of a leak in the pool which is significant in both water and heating costs. Discussion followed regarding whether or not to proceed with the pool repair at this time and if the funding was available within the 10 year plan. Mr. Loftus reminded the Board that the playground could be deferred since the pool would be a better use of funds since it is a very popular amenity. Discussion continued and it was agreed that Mr. Ivy, Mr. Loftus and Mr. Bradford would gather more information and if they determine it is realistic to proceed while the pool is closed the project will move forward and the 10 year plan would be adjusted accordingly.

Mr. Loftus asked for approval of the budgets. Mr. Bradford made a motion to approve the 20/21 Capital Plan including the Electric Vehicle charging station, and Mr. Loftus would apply for the grant and will explore other locations. Mr. Moothart seconded and all agreed.

**Unfinished Business:**

There was no unfinished business.

**New Business:**

There was no new business.

**Board Meeting dates -**

The upcoming Board meetings are scheduled for:

- August 14, 2020– Friday, 1:00 PM
- Annual Meeting August 15, 2020– Saturday, 2:00 PM

**The meeting was adjourned at 12:26pm.**