

**VAIL RACQUET CLUB OWNERS ASSOCIATION  
ANNUAL MEETING MINUTES - approved  
Saturday – August 10, 2019**

**Attendees:**

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

Michael Bloom	Absent
Greg Simpson	Absent

Matt Ivy	General Manager
James Cannava	Association Controller
Joe Adams	Plante Moran
Jerry Orten	Orten, Cavanagh & Holmes, LLC - Association's Legal Council
Lindsay Stadler	Taking minutes

**Call to Order:**

The meeting was called to order at 2:15 pm. A quorum was established and notice of the meeting was proven.

**Approval of the August 11, 2018 Meeting Minutes:**

Mr. Bradford asked the owners if they would like to wait to approve the meeting minutes until later in the meeting once everyone has received the 2018 minutes handout. The room agreed to wait.

**President's Report:**

Fred Bradford welcomed and thanked the homeowners for attending the Annual Meeting. He introduced each board member and reminded the audience that they will hear from each Board committee chairperson today. He added how fond he is of the Vail Racquet Club and commented on how well the projects are proceeding and how great the property looks.

Mr. Bradford introduced Joe Adams, the CPA.

**Treasurer's Report:**

Mr. Adams (CPA) noted his company EKS&H merged with Plante Moran last October 2018. Plante Moran, the Association's independent auditing firm, conducted a review

this year which is less in scope than an audit. He reported it was a clean review and the books and records are in great shape. Mr. Cannava and his staff should be commended.

Mr. Adams reviewed the financials including the Balance Sheets, Statements of Operating Revenue and Expenses, Statement of Changes in the Funds Balances, Statement of Cash Flows and the Notes to the Financial Statements. Overall it is a strong balance sheet. He noted Accounts Receivable is \$317K compared to \$1.5M in 2018 which reflects the timing of the special assessment billings.

Mr. Adams highlighted a few key notes of the financials and encouraged the owners to read the notes. He noted that there is a 10 year Capital Plan included at the end of the Financial Statement which is prepared by Management for the Board and is not reviewed by the CPA. Mr. Adams concluded and thanked the owners.

#### **Report of Known Candidates:**

Mr. Naiman reported on the known candidates running for the Board of Directors and said there were three, 3 year terms up for election: Patty Bortz (2-7), Fred Bradford (5-2, 5-3), Molly Daniels (8-5), Les Levin (12-16), Kevin Salsich (4-16) and Mark Scheel (9-10, 9-11)

#### **Approval of the August 11, 2018 Annual Meeting Minutes –**

Ms. Kennedy (5-10), noted some changes to the 2018 minutes clarifying her comments at the annual meeting. Dr. Snyder (5-15) made a motion to approve the August 11, 2018 Annual Meeting Minutes including Ms. Kennedy's changes, Mark Scheel (9-10, 9-11) seconded and all were in favor.

#### **Manager's Report:**

Mr. Ivy thanked all the owners in attendance and stressed the importance of either attending the meeting or sending in a proxy so an official Annual meeting can be held.

Mr. Ivy then introduced the management team and commented on how long each one has been working at the VRCMR. The members included: Wendy Martin – Director of Sales and Marketing / Revenue Manager (7 years), Laurel Ames – Front Office Manager (5 years), Craig Holst – Club Manager (20 years), Steve Loftus – Director of Facilities and Grounds (14 years), Iris Nelson – Maintenance Office Manager (20 years), Jim Cannava – Director of Finance and Operations (16 years), Lindsay Stadler, Owner Relations Manager (12 years) and JR Cruz – Housekeeping Contractor (25 years). Ms. Bortz asked Mr. Ivy how many years he has been at the VRC and he responded 25 years.

#### **Real Estate Sales-**

Mr. Ivy updated the homeowners on the unit sales and noted 21 units have sold from August 11, 2018 to August 10, 2019. He said there are currently 4 units on the market and over the past year there were generally only 2-4 units out of 311 listed for sale and they were often under contract within weeks. The sales were:

- 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

Mr. Ivy said sales prices have reached new benchmarks and the average prices have continued to edge up. Year over year, One Bedrooms increased 13%, Two Bedrooms increased 11% and the Townhomes decreased 13%. He explained that in 2017 Townhome sales prices were up 20% and this year there were a couple distressed sales of units in original condition which lowered the average price.

#### **Leave no Trace-**

The VRCMR has become a member of the “Leave no Trace” outreach program which is part of the Colorado Tourism Office and encourages mountain stewardship by educating tourists and residents.

#### **Actively Green-**

Mr. Ivy stated that the VRC is a member of Walking Mountains Science Center and their Actively Green sustainable program which promotes green initiatives and makes businesses more aware of what resources are being used and how to save.

The VRC also participates in the Global Soap Initiative where used soap bars are boxed up and sent in, then melted down, reconstituted and sent to third world countries.

#### **Recycling-**

Mr. Ivy said that although there have been recycling program reminders in homeowner letters, they continue to have difficulties with people recycling correctly. The VRC has received warnings from waste management explaining that the recycling has been contaminated and is considered regular trash. He showed some examples of what is and what isn't recyclable. He reminded owners that items such as Styrofoam, greasy pizza boxes and plastic bags are not recyclable. He also requested that cardboard boxes always be broken down. They are working to continue to get the word out to owners and guests.

Ms. Schlesinger (13-9) requested that better instruction signs be added to the recycling bins. An owner suggested the Annual Homeowner Meeting packets be emailed to all owners ahead of time. Another owner noted that there are huge dumpsters for trash and small containers for recycling and suggested larger recycling containers.

#### **Restore the Gore-**

Mr. Ivy said the Town of Vail is working on a “Restore the Gore” campaign to revive Gore Creek and bring it to a gold metal fishing creek. He continued that the property has made several improvements to help with the campaign. These included abandoning a storm drain at the Townhomes that used to feed directly into the creek and Mr. Loftus

added a Bioswale which now filters the water before it enters the creek. Also, they no longer mow all the way down to the creek and leave 3-4' of natural vegetation which works as a filter and promotes bug growth. The Town's Water Quality Education Coordinator uses the VRC as an example and brings people to see what has been done to help encourage them to take similar measures along their creek frontage. It speaks highly of the VRC to be used as a good example of creek stewardship.

#### **East Vail Off Ramp-**

The East Vail off ramp is getting a facelift. In addition to enhancing the appearance, the Town is creating Bioswales as well to help filter the water from the roadway before it enters Gore Creek. Mr. Donohue (12-11) asked what a Bioswale is. Mr. Ivy responded that it basically allows the earth to act as a filter, using rock, stones, sand and the dirt.

#### **Bike Storage-**

Mr. Ivy said the bike storage building was a much larger success than anticipated. He reminded the owners that by changing the original plan to 2 regulation size tennis courts instead of 3, it allowed for a larger bike storage building which could accommodate 215 bikes instead of 107. The building is now fully subscribed and there are owners on the waitlist. He said they are considering how best to address the situation and noted there are several bikes that are dusty and have flat tires. He requested owners that do not regularly use their bikes to please remove them to open up spots for other owners who actively ride. He asked those that remove unused bikes to notify Iris Nelson so she can open up spots for another owner. They are considering management plans, but any voluntary help is appreciated.

#### **Locker Rooms-**

Mr. Ivy reminded everyone that the Locker Room renovation was starting this Monday August 12<sup>th</sup>. He thanked owners for helping to clear out their lockers and said there are only a couple of lockers left to clean out and to contact Craig Holst, the Club Manager, if an owner needs assistance. He also informed everyone that the new "Family Room" should be open soon and will have a shower and changing area.

Mr. Ivy concluded his comments saying this is a very special property and as the tag line says "it's not just a Vail experience, but a true Colorado experience" when you're here at the VRC. He appreciates the support he's received and being a part of the VRC community.

#### **Committee Reports:**

Patty Bortz, chairperson for the rental committee, presented the benefits the Rental Operation provides to all the owners. She said it is important to step back and see how critical the program is and why it's such a necessary and vital piece of the VRCMR. Ms. Bortz reviewed the history of the property and said it was clear to the founders that on-site management was necessary with such a large property consisting of 311 units and a private club. They made the Association the exclusive agent for rentals since one

property manager (opposed to many different managers) helps to ensure the reputation and quality standards of the property, enhances property values and is a benefit to the entire community.

Ms. Bortz noted without the rental operation there would not be a housekeeping department, individual unit maintenance for owners, a full staffed front desk (HOA pays for 1 agent 5 days/week, 8 hours a day) or 24 hour on call service. She noted the financial contributions the Rental Operation made to the Club this year (\$145,000), Front desk (\$182,000) and how the program helps to pay for trash, trucks and property taxes. She said that all property marketing is funded 100% by the Rental Operation which helps promote the club, restaurant and real estate sales. She also explained how the rental operation enhances all of the property values and she presented a sample real estate ad which lists all the amenities of the property and included the Rental Program as a selling point which makes the VRCMR so special.

Ms. Bortz concluded saying that no other properties offer what we offer and losing any of the services and amenities supported or provided by our Rental Operation would have an impact not only on the value of our real estate, but also on the personal enjoyment and lifestyle that is provided at our exceptional resort.

#### **Finance-**

Mr. Cole said the view up here is good and it's nice to see many smiling faces. He thanked Mr. Witsell for his time previously served as the Finance committee chairperson and said there are lots of line items and they look through the budget very thoroughly. He is pleased to report all entities are favorable to budget in all areas and he noted that this is not a soft budget. Funds were transferred to the Reserves at fiscal year-end and the Major Capital Projects are currently 1% under budget with \$4.2MM spent YTD.

Mr. Cole reminded the owners that the monthly club dues were raised from \$80 to \$96 per month. In addition, the operating assessment was raised 1.8% and capital assessment was raised 1% which allows for the Reserves to get built back up. He continued that they analyzed the Reserve Fund and 500k used to be the goal which was set in the 1990s when the property values were less than half of what they are today. He said that over the years funds allocated to reserves declined due to the special assessment or economy or other factors and noted that for the club only 28% of the depreciation was being covered. Now the property is valued at over \$89MM and it is important to have adequate capital funding. He added that with the new funding, a forward look at 2027 gets the Reserves to \$1MM.

Mr. Cole added that a full audit will be completed after the Special Assessment projects are complete. He said we're two months into the new fiscal year and all is tracking well. He reminded the audience that the Board Members are homeowners too and are invested in the property just like they are.

Mr. Cole said at a previous Annual meeting the Board had promised to thoroughly investigate the topic of term limits. He said the Board completed a deep dive into term limits and wanted to give all the facts to the owners. As the quote goes; "Everyone is entitled to their own opinion, but they are not entitled to their own set of facts." The pros of term limits are fresh input and in theory more owners can serve on the Board. The biggest con of term limits is you lose HOA institutional knowledge and stability. He said it is a challenge to keep the right mix of in state, out of state, locals, rental and non-rental. He said 96% of VRC owners are second homeowners, 2/3 are in state, 1/3 out of state or international and 33% rent short term through the Association.

Mr. Cole said from his previous experience with corporations and other Associations, if there are Board of Director term limits they are typically set at 6-9 years. After today, the VRC members will average 5.8 years on the board. There has been a steady stream with 7 new members in 6 years, but the Association still has had the ability to keep dedicated, knowledgeable members on the Board. He concluded that the current method of election provides healthy turnover without instituting term limits. In practice we achieve the pros of term limits but avoid being handicapped by the cons. He noted that Legal counsel stated that out of 2500 HOA's that they work with, 90% do not have limits; and Colorado Law preferences stability.

Mr. Cole also addressed the Annual Meeting proxies to the Board of Directors. The standard practice at some HOAs is for the proxies to go to the President only. The VRC does not have a nominating committee as some do and VRC owners have the option of giving their proxy to the Board of Directors to vote as a majority of the individual Board members vote, or to someone else, or for quorum purposes only. He said in most elections the Board votes how the majority of the individual members vote.

Mr. Bradford thanked Mr. Cole and commented that it's nice to have all the facts.

#### **Club-**

Ms. Salinsky, chairperson for the Club Committee, was pleased to report there are currently 291 outside club members. The outside membership helps to support the club in addition to the owner membership. She requested that any owner without a club membership card to please stop by the front desk to have one made. Ms. Salinsky reminded the owners that their family club membership includes the direct family line such as parents, grandparents, children and grandchildren. It is a very generous membership. She noted each unit receives an Owner Appreciation booklet which includes 10 free guest passes and discounts.

Ms. Salinsky reviewed the club improvements this year including 2 new Peloton bikes (which have been very popular) and hand weights with a new rack. She said next spring they plan to stripe one of the tennis courts across the street for 2 pickleball courts along with tennis. She added there are racquets available to rent at the front desk. Ms. Salinsky was pleased to report the Annual Tennis Owner/Member social was a success

with many people playing tennis and pickleball, and about 55 people at the BBQ. She noted the success of the 2<sup>nd</sup> Annual Nike Tennis Camp. It was full the first week and about half full the second week so they expect it to continue to grow. She also mentioned the fitness class schedule is online

She concluded that the Club committee continues to look at the age of the equipment and amenities. The locker room renovation will begin on Monday and said that they are researching better quality club towels post remodel.

Mr. Bradford added that the Board members really do pay attention to the Homeowner survey results and they care how you feel.

### **Building & Grounds Committee-**

Mr. Loftus said it is hard to believe just three years ago he was standing here announcing the start of the Special Assessment and Major Capital Projects. Mr. Loftus reported that the project is 1% under budget YTD and the outcomes are good so far. He reviewed the completed projects YTD:

- Building 12 decks, patios, walkways, retaining walls, bridge
- Two new regulation size tennis courts and pickle ball court
- Building 3 decks, patios, stair towers
- Bike Storage
- Building 5 decks, patios, walkways and stair towers
- Building 13 decks, patios, walkways and stair towers (in progress)
- Townhome exterior renovations (in progress)
- Playground – timber retaining wall was keeling over, beat up. Added a new boulder retaining wall to the playground.

### **Gas Fireplace Conversion-**

Mr. Loftus reported that the initial phase of the gas infrastructure lines are in place. Over the last few years, what's become popular for direct vent fireplaces are wider and more narrow, or taller and do not fit the existing openings. He's searched the market and believes there is a model, maybe two, that will work in the space and allow owners to receive a larger outdoor closet. The Town of Vail must approve the UL listing for this application before they can proceed. There are 150 fireplaces to convert to gas and most likely the upgrade will begin to take place next spring and will continue through the 2021 season.

### **Locker Rooms-**

Mr. Loftus reminded everyone that the locker rooms will be closed starting August 12<sup>th</sup> and the goal is to re-open December 13<sup>th</sup>. He said ADA compliance really drives the locker room design and they anticipated having to choose between a sauna and a steam room. The Architect found a way to comply with ADA and have both amenities in each locker room by changing the existing footprint which is a positive outcome.

He was pleased to report that the projects are ahead of schedule and overall so far so good. Mr. Loftus commented on the overheated construction market with costs rising, but his hope is to keep all the crews around until the end of the major projects.

**Election of Directors:**

Mr. Naiman said there are three positions up for election, each for a three year term. He opened the election proceedings and asked for any nominations from the floor. There were no nominations from the floor.

Mr. Naiman introduced the candidates: Patty Bortz (2-7), Fred Bradford (5-2, 5-3), Molly Daniels (8-5), Les Levin (12-16), Kevin Salsich (4-16) and Mark Scheel (9-10, 9-11). Each candidate stood, introduced themselves and was given 3 minutes to address the audience.

**Vote-**

Mr. Naiman reminded the owners to please vote for three candidates. The votes were cast and collected for tallying. Mr. Naiman asked for homeowner volunteers to help count the ballots. Bob Donohue (12-11), Judith Schlesinger (13-9) and Jenny Follett (9-1).

**Unfinished Business:**

There was no unfinished business.

**New Business:**

The floor was open to the homeowners for questions and comments.

Mr. Andrus (12-12) recommended replacing all common area incandescent bulbs, including the meeting room, to LED in order to help with the utility expenses. Mr. Loftus said all common areas are LED, but LEDs won't work with conventional dimmers like what is in the meeting room.

Ms. Stevenson (12-2) said when they arrived to their unit, the toilet was running. She suggested Housekeeping be made aware of increased utility expenses and to inspect the toilets.

Mr. Grotke (9-6) confirmed the increase in utility costs and water usage. He asked owners to be aware of their water usage on property and to be mindful of a running toilet. If you are up for the weekend, please make sure toilets are not making noise before you head home.

Mr. Witsell (0-2) asked about the timing for the rock perimeter skirt at the townhomes and who would be paying for the gas used for the new condo fireplaces. Mr. Loftus answered that due to the other project schedules, the townhome landscaping has been the lowest priority and are challenging due to the steep grade and irrigation. He said

they are actively working in the area now. He continued that the individual homeowners would be paying for any gas that their fireplaces consume.

Ms. Lynn (8-2) asked if there is a plan to replace all the pavers in front of the creek side units. Mr. Loftus said yes, after the most at-risk decks are replaced, the creek side buildings will be next.

Ms. Roth (G-4) asked if the townhome driveways could be one way. Mr. Loftus said the west entrance is more dangerous in the winter and it would produce a greater hazard to force people to go that direction. Mr. Cole suggested adding mirrors.

Ms. Shanker (P-1) noted there is a low point on the path from the townhomes to the bridge where a large puddle forms and she would like to see it addressed.

Ms. Donohue (12-11) said she likes to be a good deck mate and feels bad about sweeping debris and having it fall to the deck below. An owner suggested that she might try a vacuum instead of sweeping.

Ms. Dixon (5-12) asked about the special assessment overages on the townhome project. Mr. Loftus said the first phase of the townhome exteriors bore all of the master planning expenses so that phase looks more expensive, but the project is coming in within budget. Ms. Dixon also said that she appreciates the service and longevity of some Board members who have offered their expertise for longer periods of time.

Mr. Grotke (9-6) said maintenance, housekeeping and management are keeping an eye on water usage and they are looking into monitored meters.

Mr. Donohue (12-11) asked for the correct address to send your statement payment to. Mr. Ivy confirmed 4695 Racquet Club Drive Vail, CO 81657. Mr. Bradford noted it can get confusing and his guests had issues with Amazon deliveries.

Mr. Noble (11-11) said that he has been an owner for 15 years and the only time you see new board members is in a case, like today, when a current member decides not to run. It seems like all sitting members get re-elected and it has the appearance of the Board reelecting the board and not being democratic.

Mr. Manta (C-1) said in his experience Boards doing a good job tend to get re-elected.

Ms. Gurney (2-8) suggests adding a bike pump station to the bike storage building. Her idea was well received and Mr. Cole (J2) added that a hose to clean your bike before you put it away would be helpful as well.

Mr. Dreyer (6-7) noted that there hasn't been a restaurant update today. Mr. Bradford thanked Mr. Ivy for getting Heirloom to the VRC. Mr. Ivy said it was fortunate that the

VRC got a restaurant and an owner that is well respected in the valley and with a lot of experience. He added they have had some ups and downs so far. Last fall, they started phase I of the restaurant renovation project and then, since contractors were available and the restaurant was under construction, it was agreed to keep the momentum going and continue onto phase II immediately which delayed the opening.

He said once Heirloom opened in February, they were doing 150-200 dinners per night and it showed there is strong demand in East Vail. He said they are currently opened 5 nights, but they hope to open for 7 and staffing has been a big challenge for them. He added that there are over 2000 unfilled jobs in the valley and not enough employees in Vail. The VRC is helping Heirloom by making some employee housing available to their staff. Mr. Ivy concluded that he is grateful to have a great partner and the restaurant owners are very earnest about making Heirloom a success. He mentioned that they also want to get all their ducks in a row before they have a greater outreach and marketing.

Ms. Searls (O-4) asked who the restaurant owners are, and Mr. Ivy said Mike Dennis of the Dennis Group and his wife Jenn is also involved. Mr. Bradford added that the owners are very friendly and it's nice to see them working in the restaurant.

Ms. Burchett (6-3) thanked Mr. Ivy for his help with a past water leak as they were on the phone every day during the event. She also appreciated Ms. Salinsky encouraging owners to report any concerns and noting that the Board is here to help and wants to hear new suggestions from owners. Ms. Burchett said the original Bylaws are from 1973 and we need to live in the present and be cognoscente of new owners and buyers and what we are doing for them. She said the Board should really listen to owners and what they want and be open to change. She asked who owners can go to with suggestions. Another owner asked Ms. Burchett what her suggestions are. She said there are places in Keystone that will not work with people who don't allow Rental by Owners. Mr. Bradford said they really do want to hear what owners have to say. He noted that the Board members studied the RBO issue long and hard and it may not have been the most popular decision with a few owners, but they followed the advice of two legal counsels.

Ms. Kennedy (5-10) suggested that the Board of Directors have their annual fall dinner at Heirloom to show support for the restaurant. She also said that they are constantly being told about the benefits of the Rental Operation and what it contributes to the club, but it does not contribute to the HOA itself. She would like to hear about what the HOA contributes to the Rental Operation such as tennis courts and locker rooms. She said Ms. Bortz's presentation was one sided and the Bylaws are subject to the Declaration.

#### **Election Results-**

Mr. Naiman thanked everyone who ran for the Board of Directors and reported the homeowners elected are Patty Bortz, Fred Bradford and Molly Daniels. There was applause from the audience.

**Adjournment:**

Mr. Bradford called for a vote to approve the actions of the Board Members this past year. Mr. Witsell (O-2) motioned and Mr. Manta (C-1) seconded for the actions to be approved and for the meeting to be adjourned. The motion passed and the meeting adjourned at 4:30 pm.