

**VAIL RACQUET CLUB OWNERS  
ASSOCIATION ANNUAL MEETING MINUTES  
Friday – August 12, 2022**

**Attendees:**

Fred Bradford	President
Patty Bortz	Vice President
Hal Naiman	Secretary
Molly Daniels	Member
Greg Grotke	Member
Peter Koclanes	Member
Rhonda Salinsky	Member
Greg Simpson	Member
Kathy Summers	Member
Matt Ivy	General Manager
John Russell	Director of Finance
Tracy Goldberg	Plante Moran, CPA
Jonah Hunt	Orten, Cavanagh & Holmes, LLC - Association's Legal Counsel
Lindsay Stadler	Taking Minutes
Heather Gilman	Verifying Quorum

**Call to Order:**

The meeting was called to order at 2:04PM. Notice of the meeting was proven, and Mr. Ivy noted that the Association will verify the quorum after the meeting using the Zoom meeting final attendance list.

**Approval of the 2021 Homeowner Meeting Minutes:**

Mr. Ivy welcomed everyone and introduced the VRC Board of Directors. The 2021 Annual Homeowner Meeting Minutes were presented in the owner meeting packet and were approved through the Zoom online poll.

**President's Report:**

Mr. Bradford welcomed the VRC homeowners. He reported that the HOA has done extremely well throughout COVID, and the Board and management worked to manage the situation and operations as best they could under the circumstances. He said VRC has had a marvelous year; there were operational surpluses, the special assessment projects were completed, and home values have increased tremendously.

**Treasurer's Report:**

Mr. Ivy introduced Ms. Goldberg, the CPA with Plante Moran (the Association's independent auditing firm). She explained that the audit has been very thorough and is in the final stage of being finished. They don't anticipate any significant changes.

Ms. Goldberg explained that a full audit was completed this year which is much more in scope than a review. She was happy to report, they expect to issue a clean audit opinion which is great news for the VRC.

Ms. Goldberg noted that some items from the 2021 report have been reclassified in a more favorable position. Ms. Goldberg reviewed the FY2022 Financials including the Balance Sheet and Income Statement. She noted that the HOA is in a favorable cash position and had a great year for Operating Reserve Funds. The HOA took advantage of both the first and second PPP loan which were fully forgiven.

She added that the VRC experienced a great COVID comeback and increased both Club and Rental Operation Revenues. Ms. Goldberg reviewed the notes and said that the Board approved an additional distribution to Short Term Rental Participants as well.

Mr. Bradford thanked Ms. Goldberg.

**Manager's Report:****Après Cafe –**

Mr. Ivy welcomed Après Cafe and introduced co-owner Ahmad Almadhoun. Mr. Almadhoun thanked the VRC homeowners and expressed his appreciation for the support during their first two months of business. He said it has been smooth so far and they have received good feedback on the food quality. They are working hard, serving some great food and the community is loving it (it's even the talk of the Bighorn dog park). They do plan to close in mid-October and reopen at the beginning of December. They hope to continue to make it a cool spot for members and be able to open more of the patio next summer. Mr. Almadhoun added that Après Cafe offers takeout options as well.

Mr. Ivy thanked Mr. Almadhoun and expressed that Après Cafe has been a great fit for the property.

**Staff -**

Mr. Ivy then reviewed the management team and noted how long each employee has been working at the VRCMR. The members included: Craig Holst – Club Manager (23 years), Iris Nelson – Maintenance Office Manager (23 years), Steve Loftus – Director of Facilities and Grounds (17 years), Lindsay Stadler – Owner Relations Manager (14 years), Heather Gilman – Accounting Manager, Retail, LTR (11 years), Wendy Martin – Director of Sales and Marketing / Revenue Manager (10 years), Laurel Ames – Front Office Manager (8 years), John Russell 8 years) and JR Cruz - 3E Cleaning/ Contract

Housekeeper (29 years) and Mr. Ivy – General Manager (29 years). Mr. Ivy said this longevity of staff is uncommon in Vail and the VRC is fortunate to have staff that is this dedicated.

### **Real Estate -**

Mr. Ivy reported that 19 units have sold from August 13, 2021 to August 11, 2022 which included:

- 13 - One bedrooms sold \$480,000 - \$765,000
- 3 - Two bedroom condos sold \$640,000 - \$935,000
- 0 – Three bedroom condos
- 3 – Townhomes sold for \$1,000,000 - \$1,620,000

Mr. Ivy noted that the lower end of the prices tend to be more original finishes and the higher end have been remodeled. Mr. Ivy said there were just two units listed for sale and one of which just went under contract.

Mr. Ivy reviewed the appreciations per unit type. Year over year, one-bedroom condos increased 35%, two bedroom condos increased 26% and townhomes increased 16%.

These are remarkable increases and though the market is hot, the VRC has done very well. Mr. Ivy reported that the Board does a comparison of similar East Vail properties each year and the VRC Sales prices consistently appreciate at higher rates than the neighboring properties. He feels this is a testament to the property, how it's being cared for, maintenance and its attractiveness. Mr. Ivy noted that the VRC was built in 1973 and the final phase was completed in 1987 and he hears positive feedback regularly from realtors about how well the VRC is maintained. The 2016 Special Assessment projects really helped set the VRC apart.

### **CPA Report –**

Mr. Ivy said the final CPA report will be made available to all owners once it is complete. The year was outstanding with record revenues and expense savings which helped with the bottom line and surpluses. He pointed out that the VRC was still not able to completely staff, which was better for the bottom line, but he would like to have more staff.

Mr. Ivy said June 2022 was a gangbuster month for both the Club and the Rental Operation. Then rentals slowed at the end of June at the VRC and in Vail. He noted that Vail reported only 65% occupancy over the 4<sup>th</sup> of July and the VRC was 68% occupied. Mr. Ivy can't recall a time that the 4<sup>th</sup> holiday was not full. This slow start in July then progressed to the 2<sup>nd</sup> best July ever and the Rental Operation and Club has done tremendously. The volume picked up and it looks like it will continue into August and September. He reminded owners that the winter season is a wildcard, and they need snow. There are also some inflationary pressures and airline/gas prices are extraordinary which could affect rentals.

### **Rules & Regulations –**

Mr. Ivy said Ms. Nelson sent an email regarding several HOA Rules & Regulations violations. She is still following up on those but had about 40 to begin with. The owner responses were extreme ends of the spectrum; some were apologetic, and some really beat up on the staff. He asked owners to please be compliant and reminded them that the staff are just doing their jobs and it is a very difficult task, not personal. He requested that everyone be as considerate as possible.

### **Wi-Fi Club Building –**

Mr. Ivy introduced Mr. Russell, the Director of Finance & Operations. Mr. Russell reported they are continuing to review the Club building Wi-Fi concerns. They have been working with Comcast (the Provider) and IT Consultants to resolve any issues. Mr. Russell noted that boosters are in place around the Club which provide service throughout the building.

Mr. Russell noted if you are having trouble, he suggests removing the Wi-Fi network from your device and then reconnecting. Any issue could also be due to an older device. He concluded that they are working on it and hopefully will have a resolution sooner. If an owner needs assistance connecting, the front desk staff or Mr. Russell can assist.

### **Laundry Rooms –**

Mr. Ivy reported that they have had horrible luck with the common area laundry room machines this summer. They recently received a new contract with a company, but he is not happy with the new proposed contract. If they cannot renegotiate, then they will put it out to bid. He noted that there are supply chain issues and it may take 3-6 months for new machines and he said service repair technicians can be called and please report any issues to Ms. Nelson, the Maintenance Office Manager. The good news is the new machines have more options and can accept credit cards for payment.

### **Email Address –**

Mr. Ivy said questions seem to come up regarding what email addresses VRC owners should use. He said to contact the Board of Directions, owners may use [Board@vailracquetclub.com](mailto:Board@vailracquetclub.com) or [Board@vrcmr.com](mailto:Board@vrcmr.com). Also, owners may use [VRC.HOA@vrcmr.com](mailto:VRC.HOA@vrcmr.com) for Association questions and matters, and department managers and the front desk staff have individual email addresses.

### **Housing Crisis –**

Mr. Ivy reported that Vail is experiencing a major housing crisis. Some local businesses are not open as many hours and service has really been lacking. This has been a result of a COVID hangover, and many people have moved to the Vail Valley from cities and in doing so, they purchased properties that were previously long-term rentals. Many Rental by Owner places in other neighborhoods converted from long term as well. Mr. Ivy confirmed there just aren't places for employees to live and it's not an issue that will

go away soon. The Town of Vail is trying to build more housing and solve this issue. Vail Resorts has increased the minimum wage rate to \$20/hour which is a big increase as only a few years ago some mountain employees were making closer to \$10/hour. Mr. Ivy explained that the competition is strong and fortunately, the VRC is remaining competitive with 19 on-site employee housing units. He added that the front desk was staffed with only 3 out of 6 employees most of the winter. Mr. Ivy expressed thanks to all owners for their patience and understanding.

#### **HOA Survey –**

Mr. Ivy said the 2022 Annual Homeowner Meeting Survey is coming up. The survey provides really good feedback and information for management and the Board. It helps define and lead the direction of the Board members.

#### **Après Cafe –**

Mr. Ivy announced that today from 4-5PM, Après Cafe will be offering VRC homeowners a free slice of pizza. This is a good opportunity to see the new restaurant and meet your VRC neighbors.

#### **Quorum –**

Mr. Ivy said it appears the HOA has easily attained a quorum so this is an official meeting, but it will still be verified after the meeting.

#### **Homeowner Social –**

Mr. Ivy said a Homeowner Social is planned for Friday, September 9<sup>th</sup> at the park area (weather permitting). It's a great way to get to know your neighbors and enjoy hamburgers, brats and drinks and some good relaxation.

#### **Community Message Board –**

Mr. Ivy said the Community Message Board on the Homeowner Website has been a great new feature for VRC homeowners. The website provides information, documents, event calendars and allows owners to find activity partners (for tennis, pickleball, hiking etc.) and can list items for sale.

#### **Animal Alert –**

Mr. Ivy said the VRC has seen bear activity and a mountain lion was recently spotted near Booth Falls. He reminded everyone that the VRC is surrounded by National Forest and to be cautious around wildlife and do not feed or engage the animals. And, please remember, it is against the Town of Vail ordinance to leave any trash out or feed wildlife.

#### **Closing –**

Mr. Ivy expressed that the VRC is such a unique property and the jewel of East Vail. There is not another property that compares with 20 acres of land on Gore Creek, with a

waterfall and such majestic surroundings, it's a true Colorado experience. Mr. Ivy said he loves the property and appreciates the opportunity to be a part of this special place.

### **Committee Reports:**

#### **Buildings and Grounds Planning Committee -**

##### **Electric Vehicle Chargers –**

Mr. Loftus reported that 4 dual station EV chargers were installed in July of 2021. He reviewed the grant saying it was the 2<sup>nd</sup> biggest awarded in Colorado. The net investment for the VRC was \$42K and the program has been working well and for the long term is a great success. Mr. Loftus reviewed the data so far and said the net revenue is \$1400 and the most income has been made from the overstay fee which begins after 8 hours. The overstay fee was encouraged by those administering the grant and it motivates people to get off the charger so others can use it. Mr. Loftus said the charging sessions skyrocketed in July of 2022 and he is seeing more and more electric vehicles in the parking lot.

##### **Recycling –**

Mr. Loftus presented photos of the recycling enclosures and noted several violations. He expressed frustration and said his department is regularly pulling plastic bags out of the recycling centers. He noted the recycling trucks have cameras mounted on the trucks and if the main office sees any violations, then the VRC is hit with fees starting at \$110 per violation. Mr. Loftus begged owners not to put plastic bags in the recycling dumpsters and said the VRC is currently being fined about \$600/week, mostly due to plastic bags.

##### **Landscaping –**

Mr. Loftus reviewed landscaping improvements around property. The plastic edging at building 15 was replaced with large boulders like what was done between buildings 5 and 6, 10 and 11 and by building 12. He plans to continue this improvement around property.

##### **Irrigations –**

Mr. Loftus noted legitimate complaints from VRC owners who commented that there are some brown grass spots around property. Mr. Loftus presented notices from Eagle River Water & Sanitization (ERW&S) to the VRC requesting the property cut back on water usage in dry periods and reduce water usage. He noted 90% of water usage is from irrigation and it never ends up back in the creek. The VRC is only allowed to water 3 days/week during limited hours and with this schedule they just can't keep the grass lush and green.

Mr. Loftus added that water is going to become prohibitively expensive and the VRC has many acres of irrigated space. The water bill is currently 76% of all utilities and owners are paying about \$100/month for water usage. He explained that ERW&S currently has

tiered water rates and if the VRC jumps into the next tier then it could double and triple fees. Mr. Loftus has removed some irrigation like areas near the tennis courts across the street but is looking for opportunities to find other areas. Water usage is going to become a real issue and it will not be sustainable or affordable.

**Stream Health –**

Mr. Loftus said they have been repairing the area around Gore Creek and letting it go more native as encouraged and in some areas required by the Town of Vail in their efforts to restore the Gore Creek habitat.

**Adult Hot Tub Replacement Project –**

Mr. Loftus explained that the adult hot tub area has been the only original piece of the Club that has not yet been improved. He reviewed the proposed floor plan for the project and pointed out that the entry door access will be relocated, and the one large tub will be replaced with two smaller hot tubs. This plan should help save energy during less busy times if one tub is covered. Mr. Loftus said they will be raising grade to the Club level and one hot tub will be handicap accessible and the other inground. The project will start September 6, 2022, and the target completion date is Thanksgiving.

**Capital Budget –**

Mr. Loftus reviewed the long-term deck and patio replacements along the remaining creek side buildings and noted that there are 11 more years of deck replacements. He said the creek side patios are slumping and they are going to stabilize the bank and do some technical work during the replacements.

Mr. Loftus continued and noted that they are finally making good progress on the Townhome asphalt program. He added that the asphalt has been replaced throughout the condos. He reported that the Townhomes have new roofs, and the condos roofs should be good for several years. He added that roof replacement is part of the 10 year capital plan and the Club building will require a new roof in time, and it leaks periodically.

Mr. Ivy thanked Mr. Loftus. Mr. Simpson added that when the VRC hired Mr. Loftus years ago, they had the opportunity to hire a person who was overqualified, and owners have benefited from Steve's expertise, and he has added significant value. The major capital projects that have been completed during the special assessment and over the last 10 years have been high quality and at half or a third of the cost with Mr. Loftus acting as the General Contractor. The last 15 years have been a good time to be an owner at the VRC and have this advantage.

**Rental Committee-**

Ms. Bortz, the Rental Committee Chairperson, reviewed that there was a strong surplus this year for FY2022 which will be given back to all active rental participates in the form of a 6% rebate. This will make the effective short term rental income split 61% to the

owner which is the best on record. They plan the rebate to be distributed to participants after the full audit is complete.

Ms. Bortz reported that the VRC split includes front desk, guest housekeeping and maintenance services, sales & marketing, utilities, admin, LQA salary and club. The rental surpluses are also used for capital needs and funds the rental reserve to protect participants in case there is a bad snow year or other economic disaster. She said the spring deep cleaning and the upcoming preventative maintenance will also be provided free of charge to participants this year and part of the surplus distribution. Ms. Bortz expressed that this is a good time to consider the VRC STR program.

Ms. Bortz noted that they plan to upgrade the property management software in the near future and plan to include mobile smartphone check ins and keyless entry.

She reminded homeowners that the homeowner association does not fund the Short-Term Rental Program in any way. It is a stand-alone program and 5% of the revenues help support the Club facilities as it contributed \$157k this past year. Rental Operation income also pays for additional VRC staff, extended hours and additional maintenance service. She noted without the rental operation contribution, the HOA only covers 1 front desk agent for 5 days a week. Without this program, dues would have to increase significantly to maintain the same level of services at the VRC.

The Short Term Rental Program is also mentioned in every real estate listing. Ms. Bortz said she has owned for 27 years and continues to stay because of the amenities and services. It is her family's slice of paradise. She thanked several VRC Staff members for continuing to make this program a success.

#### **Club Committee –**

Ms. Salinsky reported things at the Club are running very well. There are currently 334 outside members which is the highest ever plus 311 homeowners. They have monitored club usage and the facilities have not been too crowded and they are okay with the current numbers. She noted that Club membership cards are used to control access to the Club and please stop at the front desk to have a card made if needed.

Ms. Salinsky explained that the Owner Family Club Membership includes all family members in the direct blood line (parents, grandparents, children, grandchildren) and it's a great value for owners. She noted the Owner Appreciate Booklets contain 10 free club guest passes and offer discounts on services. Also, the \$200 - 10 punch pass discounted cards are available for VRC owners only. Any questions can be sent to Mr. Holst, the Club Manager.

Ms. Salinsky was pleased to report that the VRC was able to increase Club operation hours from 6am – 9pm (Pool & Hot Tub closes at 8:30pm). The morning swimmers were

very happy with the 6am opening time. She added that the fitness class schedule can be viewed on the Vail Racquet Club website.

Ms. Salinsky said unvaccinated Club members and owners are encouraged to wear a mask and sanitizing is always required. Housekeeping cleans the club and workout equipment throughout the day. She said they can function at pre-COVID status, but now have protocols in place if needed. Ms. Salinsky said for now, the cardio machines will stay in the upstairs Elk Meeting Room and people can enjoy a great view of the outdoors.

Ms. Salinsky noted that massages are now available outdoors by the pool area which has been a popular option this summer. She said the Tennis Program was very active this summer and Mr. Wanner, the Tennis Pro, hosted the Nike Tennis Youth program 4 weeks this year. The kids had fun and it was very well attended and brought in some Short-Term Rental business. Ms. Salinsky added that pickleball has been very popular this summer and there are currently 3 courts available (1 by the main tennis courts and 2 across the street).

Ms. Salinsky is very excited to see the adult tub hot area renovated this fall. The Club Committee continues to evaluate the age of amenities and prioritize improvements to stay competitive in the Valley and drive our VRC values.

#### **Finance Committee –**

Mr. Grotke referred to the external auditors update at the beginning of the meeting and noted that they are expecting a clean audit report. Mr. Grotke said the Finance Committee oversees the budget process with Mr. Ivy, Mr. Russell and the team. The fiscal year at the VRC begins June 1<sup>st</sup> and ends May 31<sup>st</sup>.

He reviewed that the planning and budgeting process changed drastically after the March 2020 COVID shut down and the VRC went through some changes. A full audit is typically done every 5 years, but it was postponed in 2020 due to COVID and the Board thought it would be best to wait until the Special Assessment Projects were complete. The Finance Committee initially believed the VRC would lose close to \$1MM in FY2021 but fortunately were able to break even with the help of the PPP loans, solid management and making difficult expense reduction decisions. Mr. Grotke said the budget process and 10-year capital plan should be back to normal going forward.

Mr. Grotke noted there was a homeowner question submitted asking where the bike barn fees are going. He answered that they are allocated to “Other Income” for now and the Board will continue to review if the income will be used to add additional racks to the bike barn building or find more storage solutions.

#### **Unfinished Business:**

There was no unfinished business.

**New Business:**

Mr. Ivy said they had asked owners to submit any questions ahead of time by emailing [VRC.HOA@vrcmr.com](mailto:VRC.HOA@vrcmr.com). He noted that if you don't hear your questions answered during the meeting then it is more personal in nature and the VRC staff will reach out to respond.

**Why is the NO PETS by renters notification buried on the VRC website and not prominently displayed, routinely violated by renters bringing their pets and seemingly almost never enforced? If the Board endorses this restriction it created, why does it not insist on it being enforced?**

**Why is the NO PETS ALLOWED restriction and signs posted in the park routinely ignored, violated and never enforced? If the Board endorses this restriction it created, why does it not insist on it being enforced?**

Ms. Bortz responded that the no pet policy is noted on the VRC website, in the guest confirmation letters, the guest welcome packet and rental guests must initial and acknowledge that no pets are allowed at check in. If the housekeeping department sees any evidence of a pet, then the guest is told to remove the pet and charged additional fees. He noted, that the Housekeeping department is no longer offering daily trash and towel services dues to COVID so it does make it harder to find.

Mr. Bradford noted that the Board tries to manage a good operation and provide a place for people to enjoy themselves. He added that they are doing the best they can.

**Would the ROFR requirement for condo sales please be reviewed by an attorney with statement provided to homeowners declaring its validity? It is missing key words and in our attorney's review would not hold up in court. As we all know, this clause hurts homeowners in the additional time it takes to get a buyer approved. We know the Management makes money off of the ROFR's so request the Board ensure this is in the best interest of the homeowners.**

Mr. Ivy confirmed that the Right of First Refusal (ROFR) process costs more to administer than what is currently being charged by the HOA. Mr. Hunt, the Association's Legal Counsel, introduced himself and stated that ROFR process is common in Colorado and mountain communities and is enforced routinely. He has reviewed the HOA process and it is enforceable. He said this recently went to court and the ROFR was determined to be enforceable, the HOA was left out of litigation and respectfully he does not agree with any contention that the current provision is not enforceable. Though the Governing Documents remain binding.

Mr. Ivy said the ROFR process is an advantage for VRC homeowners and a few homeowners have exercised their right in hopes of a new location or additional unit.

**When was the last time the buildings were inspected for structural deficiencies? We all know about what happened in Miami and would trust that the Board is reviewing this to ensure the safety of everyone here in Vail?**

Mr. Loftus confirmed the VRC buildings are a wood frame and not concrete. He said the Florida collapse was due to concrete water intrusion on a 12-story building which was ignored. He said the VRC does not have similar issues and cracks in the stucco and buildings settling would be present if there were foundations issues. He said the VRC condos had structural deck dry rot issues which he initially identified when he started and prompted the deck replacement projects. He said he is very tuned in to the structural integrity.

When selecting general contractors, Building 8 stair replacement for example, what is the process for selection?

Mr. Loftus said at times he will get 3 or 4 bids. He has 40 years of experience hiring contractors and negotiating contracts and he doesn't generally advocate awarding the low bid since you get what you pay for. He noted an owner is questioning if he is qualified. Mr. Loftus said he is an engineer and is registered with the Town of Vail to be a General Contractor, and is on the fire and building code appeals Board which adopts building codes.

He added that a homeowner questioned the timing on the building 8 deck project. Mr. Loftus said he is the GC on the deck projects and has been working with the same crew for the last 7 years. This year the contractor who his subs work for had some personal issues and Mr. Loftus hired the crew directly since they were the most experienced. In order to do that, the crew has had to work some evenings and weekends.

**Board of Director Candidates:**

Mr. Ivy announced the 2022 VRC Board of Director Candidates and noted that the names are listed alphabetically to avoid any appearance of favoritism:

1. Fred Bradford (5-2, 5-3)
2. Molly Daniels (8-5)
3. Paul DeLauro (10-14)
4. Gwen O'Connor (8-4)
5. Kevin Salsich (4-16)

Each candidate introduced themselves and was given 3 minutes to address the audience. Mr. Ivy added that being on the Board of Directors takes a lot of dedication and can be a thankless job and thanked the candidates for running.

**Vote:**

Mr. Ivy explained that an email containing a vote link will be sent through a third party (Election Buddy) in the next 15 to 20 minutes. Voting will remain open until 7:00PM

tonight. He reminded the owners that they can select up to three Board of Director candidates and encouraged the owners present to participate in the vote.

Mr. Ivy reminded everyone that it appears the VRC has achieved a quorum, but it will be verified using the Zoom attendance list after the meeting.

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

Mr. Ivy asked for an approval of the actions of the Board of Directors this year. The audience voted through the Zoom online poll and the actions of the Board of Directors was approved as 96% of owners approved and seemed to be pleased.

Mr. Ivy thanked everyone for participating in the governance of your Homeowner Association. He announced that a free slice of pizza will be available after the meeting at Après Café.

**Adjournment:**

The VRC Annual Homeowner Meeting was adjourned at 4:25PM.