

Meadows Club Facility Upgrade Proposal Summary

For the past eighteen months, a club task force has researched, conducted surveys and collected data regarding what the membership would like the club to be like in the future. Based on this data, the Board put together a phased approach (Phase I & Phase II) to capital improvements for the Club. Phase I was passed by the Board in February 2008. It includes expansion of the pool recreation area, two new tennis courts, and a new platform tennis court. Although the By-Laws of the Club do not require that a vote take place, the Board feels that due to the diverse opinions regarding the Phase II proposal, a vote is the best course of action before proceeding further. *(Note: this proposal differs from what was presented at the Town Hall meeting.)*

Enclosed in this packet you will find a binding vote ballot and supporting documentation detailing Phase II of the Facility Upgrade Proposal. The Meadows Board has put together this comprehensive package so that you, as members, can make an informed decision about the proposed updates and changes to our club. We realize, however, that some of you may not have the time or inclination to read every included document in detail, so the following are some basic premises upon which this proposal is based.

This proposal includes the following facility upgrades:

Item	Cost
Cover three courts southeast of the clubhouse	\$1,041,000
New pool deck and shell resurfacing	\$ 75,000
Associated landscaping	\$ 50,000
Project contingency	\$ 234,000
Total Phase II	\$1,400,000

This proposal summary references various supporting documents in the appendix. Please read these important appendix items:

Voting Rules

Per the club by-laws, each family, senior family, single, and senior single membership is eligible to vote. Only one family member per membership is allowed to vote. Junior memberships are not allowed to vote. Please read the attached material, indicate your vote in writing on the ballot, and mail it to the address listed on the attached ballot postmarked by August 7, 2008. Any votes received after that date will not be counted toward the final tally. The votes will be counted by the outcome will be determined by a simple majority vote of greater than 50% of the votes cast in favor of or against this proposal. Results will be announced via email on or before August 14th.

R.S. Wells L.L.C. a professional services firm specializing in management of election services for municipalities will count the votes. They will receive the ballots, provide for safe keeping throughout the election process, count the ballots, tabulate the votes, and

certify to the Club the official results of the election. The Meadows Club is responsible for printing the ballots, printing the envelopes, mailing the ballots, printing and addressing of ballot return envelopes and providing instructions to voters.

Financial Strategy

In order to lessen the impact of this project on dues, the increase was spread out over two years and the amount budgeted for reserve was reduced from \$500,000 to \$200,000. The Board also reduced the scope of the original Phase II proposal, postponing the consideration of two additional northeast tennis courts to a future phase.

- **The net increase in dues for Phase II would equal \$9/mo per family in 2009 and \$9.75/month in 2010.**
- **NO NEW MEMBERSHIPS will be added to support the proposal.**

More specifically, annual dues would increase by \$108 per family in 2009 and \$117 per family in 2010. The financial projections include a 4% annual dues increase over the next five years. The Board feels that these changes to dues will continue to make the Meadows Club an affordable community venue that can be enjoyed by a broad spectrum of Boulder families. For more details, please see “Dues Projections” worksheet in appendix 4, five-year financial projections.

The total cost for the Phase II proposal is \$1.4 million. Projections in this proposal call for a 6.25% loan with a 20 year amortization and 10 year term. The total cost of the loan will equal \$2,455,918 amortized over 20 years. Other options are under consideration and the option that is most cost-effective at the time of financing factoring risk, will be selected.

Existing club debt prior to this proposal equals \$790,800 which is included in the financial projections. The Board has tested numerous revenue assumptions with inside and outside financial experts to minimize any risks. It is important to understand the financial context of this proposal. An average single family home in Boulder now costs over \$500,000. The Meadows Club represents over 350 memberships and families. The cost of this project is spread across the entire membership and contains no financial risk to individual members. Please see due diligence documents in appendix 11. More detailed financial projections are available for view at the Meadows Club website, www.meadowsclub.org.

Does this proposal benefit the entire club?

The Board’s approach to this process has been to include improvements for the entire club. This proposal addresses the needs of the pool now by making needed improvements that can be enjoyed today and for the future by creating a reserve. The addition of three indoor tennis courts allows members to use the Club year round. One might consider that a family pays \$200/month annually to use the Club for six months today. In 2010, a family will pay \$117/month to use the Club 12 months of the year.

Improving the Club for all the members increases the value of the entire Club. Please see “What Meadows could look like as a year round club,” appendix 6.

Are the numbers solid to support this project?

The business case for this project is solid. The Board has utilized the resources and skills of many Club members to create a proposal that includes more robust research than any project ever undertaken and documented at the Club. The financial projections are conservative based on other tennis programs’ performance and the history at Meadows. The task force interviewed tennis directors who run similar clubs about their income and costs. Based on this feedback, we took a very conservative approach in the creation of our proposal including downgrading revenue projections and increasing expense projections. The BOD built contingencies into the operating budget by creating a reserve. The BOD also built contingencies into the capital budget by adding \$234,000 (17%) to the proposal cost projections. See appendix 8 & 9 letters from the USTA and a former tennis director at The Ranch.

What if something unanticipated happens?

With any capital project or business venture there are inherent risks. The proposal includes a number of risk mitigation strategies:

- Use of a Performance Specification in the bidding process for a building. A performance specification states the performance we expect from a vendor and the price that we are willing to pay. The vendor agrees to perform per the specification and is limited to the agreed upon fees and scope of the project.
- Use of a construction loan. The bank provides project oversight for all payments per the specifications for the project. The bank cuts all checks directly to the vendor upon satisfactory completion of the work. The project oversight includes inspection of all work.
- Contingencies of \$234,000 built into the capital budget.
- Capital reserve for unanticipated expenses.
- Since no additional memberships were added, this could still be addressed in the future without compromising the environment of the club.
- The project is based on the approved PUD
- The project plan calls for all work to be completed in the off season
- Use of a simple “pre-engineered” structure engineered off site and brought to the Meadows for installation. This is unlike the structure at BCC, which is larger, more costly, and more complicated to engineer and construct.
- Objections from the city or neighbors are being addressed before construction begins.

Our mitigation strategy is primarily focused on financial risks, but there are additional risks as well. The timetable for this proposal could be delayed due to objections from the neighbors or additional requirements imposed by the City. If the project is delayed due to these items we will know before construction begins. The risks of building an indoor tennis facility at Meadows are very low. Of the top ten private clubs in the state,

Meadows is the only facility without a year round indoor tennis facility. If other clubs can be successful, there is no reason that Meadows cannot achieve even greater success.

Health Benefits of reducing sun exposure

Attached is a letter from Dr. Karl D. Lewis M.D. Cutaneous Oncologist and Assistant Professor of Medicine at the University of Colorado Health Sciences Center. Dr. Lewis writes, “A person’s risk of skin cancer is related to lifetime exposure to UV radiation. At 5000 feet high altitude, the sun is 30% stronger than at sea level. The incidence rate of Melanoma is 30% higher for people living in Colorado compared to the overall US rate. Outdoor athletes are particularly at higher risk as sweating increase the intensity of sun damage and therefore, skin cancer.” Covering courts for year round use is an excellent public health decision for both the younger and older members. Please read this very informative letter in appendix 7 very carefully.

Support for Youth Tennis

The Meadows Club youth tennis program has grown 40% in the last year and is the focal point of the summer for many families. Many members have expressed an interest in having their children multiply their love of the game by participating in after school programs and lessons at their own Club. The Head Tennis coaches from Fairview and Boulder High have both written letters in support of the Meadows creating a year round program. Chad Tsuda writes, “One of the biggest challenges I faced as a young player in Boulder was how to train year round. Boulder has always had so few indoor tennis resources, while the players who train in almost every other area have several options for indoor play...This is a great opportunity for the Meadows Club to support the tennis community and future young players here at Fairview and the Boulder area.” These letters are located in appendix 10.

Impact on Club Culture

For most of us the Meadows Club is a very special part of each summer. Members describe the Club as low key, friendly, social, unpretentious, and a place where families can socialize and spend time together. Many members ask “why can’t we share this same community all year long?”

Why would covering three courts harm the culture of the Meadows Club?

- The dues are proposed to go up by a very small amount, so hardship is not being placed on existing members.
- Members using indoor tennis courts will cover the majority of cost by paying a small fee.
- There won’t be additional memberships, so no crowding at the Club.
- We won’t be allowing or relying on non-members to pay for the indoor courts.

This is a “win/win” for all the members and will allow us to maintain that special culture that is the Meadows Club.

The Meadows Club has always been very special for many reasons. The club is unique in the spirit of volunteerism, member participation, social connections, exceptional youth and adult sports success, and the ability to do more with less. Volunteers have already saved the club thousands of dollars in costs for this project. Consulting services for architectural, financial, engineering, and project management resources have been provided free of charge for this project and will continue to be provided until project is completed.

The reason members are willing to give their time and talents to progress this facility into the future is based on their love for the Meadows Club. Members want to enjoy the club’s community all year round and build a better club for the future. Please read the attached documents carefully, call or email the Board with any questions and join the members who support this proposal by voting “yes” on the enclosed ballot. Thank you so much for your involvement and participation in this very important process.

Document	Location
Planned Unit Development for the Meadows Club	Appendix 1
Meadows five year financial projections	Appendix 2
Letters from outside professionals supporting the proposal <ul style="list-style-type: none"> ○ Dr. Karl D. Lewis M.D. Cutaneous Oncology and Assistant Professor of Medicine outlining the health advantages of reducing sun exposure and risks of excessive sun exposure ○ Terry Walters, The United States Tennis Association (USTA) Executive Director for the Intermountain region supporting the research conducted in this proposal ○ Rob Scott, former Tennis Director at the Ranch Tennis Club for 18 years and current USTA Intermountain chairperson for advocacy supporting the research conducted in this proposal ○ Chad Tsuda, Head Men’s Varsity Tennis Coach Fairview High School and Gale Howard, Head Varsity Tennis Coach Boulder High School supporting the Meadows youth tennis program and this proposal 	Appendix 3
Due Diligence document for the proposal	Appendix 4