

Appendix 4

Due Diligence Associated with Club Facility Upgrade Proposal

The purpose of this document is to provide verifiable, factual information regarding the efforts to date of the Board of Directors, the general manager, and the facility upgrade task force on the attached proposal strategic plan for the Meadows Club.

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Background (2000 - 2008)

A Strategic Plan Survey of membership was conducted in August, 2000 to solicit input from membership about member's preferences for changes to the Club facilities. There were 208 responses out of a total 217 families plus 54 single or 77% participation. The Survey indicated membership favored certain enhancements, ranked in the following order according to the Survey:

1. Permanent Enclosure for 2 or 4 Tennis Courts
2. Major Clubhouse Renovation
3. Food Service
4. Tennis Court Lighting
5. Platform Tennis Courts
6. Children's Activity Area
7. Gazebo/Tennis Center/Pro Shop
8. Landscaping
9. Additional Hard Tennis Courts
10. Clay Tennis Courts
11. Other - Weight Room/Workout Area/TV/Hot Tub/Racquetball Courts/Computer Software, etc.

Following the compilation of the 2000 Survey results, a letter was drafted to the membership by the BOD (available for member review) specifically on the subject of indoor tennis that included Pro and Con position summaries (available for member review). The letter was signed by the President and stated the President's personal opposition to indoor tennis. The package was sent to membership on

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September 11, 2001, prompting some members to write letters to the BOD that the timing biased the results. Unlike all previous surveys, these actual individual surveys were destroyed and are not currently on file. Only the summary of the 9/11/01 survey exists by virtue of having been published in the monthly newsletter. The September, 2001 newsletter indicated 114 against, 67 in favor of indoor tennis. Survey participation was 67% of the membership.

An October 9, 2001 Special BOD meeting was held where the BOD voted not to proceed with indoor tennis.

In November, 2001 the BOD was advised Clubhouse renovation would be approximately \$500,000 and noted any firm proposal would be sent to membership for a vote. As reflected in the January, 2002 board minutes, the Board decided *“at the time of the last clubhouse expansion, the board did not seek a vote from membership at large, but simply undertook the project and financing under the board’s authority. Board consensus was that to save time and expense, we may not send out a mailing on this project as we did last year with indoor tennis courts.”* In August, 2002 the BOD voted to proceed with a Clubhouse remodel and locker room expansion (\$532k), without a membership vote. 23 family memberships (total of 240) were added to *“financially support Clubhouse renovations”*. As of June 21, 2008, there are 255 family memberships.

Since the 2000 Survey and 2001 BOD decision, participation in tennis and platform tennis at the Meadows and in Boulder has grown substantially. The Pool has also had several age related problems over the last two years requiring immediate attention. In response to evolving needs of Club membership, the current BOD decided long-range, phased planning was desirable and began to collect data in 2007 from focus groups, formal surveys and other sources to update the 2000 survey and ultimately base capital expenditure decisions on objective data and a long-range Plan that represented the desires of the majority of membership.

Results from two Town Hall meetings in April 2008 attended by 48% of membership plus contact with another 23% of members unable to attend the Town Hall meetings provided very clear indications to the BOD that enhancements were strongly desired by the majority of membership. Further, those changes remain consistent with the Facility Upgrade Plan approved under a Planned Unit Development (PUD) by the City of Boulder in 1981 and presented at the Town Hall meetings April 10 and April 23 (presentation slides are on the web site). The PUD reflects what the City has approved for the Club layout. The PUD does not require that the Club make changes; it simply is an outline of what changes were approved by the City as outlined by a group of members with foresight in the 1970s to plan for the future. Copies of the PUD Site Plan have been posted on walls of the Clubhouse since April 2008 and encompass the following:

- a) expansion of the Clubhouse,
- b) addition of up to 5 tennis courts,
- c) 2-5 covered tennis courts,
- d) addition of up to 3 platform tennis courts and
- e) authorization for a maximum of 350 family memberships (currently there are 255).

NOTE: The items a-e listed above are on the PUD and all of these items are not a part of this proposal.

Town Hall meeting surveys and other sources of objective data indicated sufficient overall membership interest in the Plan to begin several volunteer efforts directed by the BOD to gather

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specific information on the impact (financial, facilities, neighborhood, etc.) of moving forward on the Plan. These efforts are described in more detail below.

Club Surveys

After each of the town hall meetings in April, members completed surveys on the materials presented at the meetings. As with other surveys taken at Meadows, this survey was considered confidential by the members as they freely expressed their opinions on the Meadows Club and the proposed changes to the Club in the context of their personal situation at the Club. This data was collected and summarized into an electronic database. In addition to the surveys collected at the meeting, many members expressed their opinions on the proposed changes via email, phone calls, and letters to the Board. This data was compiled and added to the database. Some members supplied feedback on the proposal multiple times. To ensure there was no double counting or old data, the most recent data was updated into the database for changes only. The database contains opinions on member's preferences for changes to membership and fees, elements of each phase, configuration of the Club, and perceived consequences of the changes. One of the key data points is whether or not a member is in favor of indoor tennis.

As of the printing of this document, the following is the most recent survey data regarding indoor tennis collected from 71% of the members who have responded to date:

- 135 members in favor of providing indoor tennis at the Meadows Club (61%)
- 76 members opposed to providing indoor tennis at the Meadows Club (34%)
- 11 members did not explicitly state an opinion on the issue (5%)

An additional source of data collected for BOD consideration in May 2008 was wait-list families and individuals. An informal survey was conducted of all people listed on the wait list that gave the club an email address to determine the anticipated level of interest if Meadows proceeds with indoor tennis and other improvements, including the impact to dues and initiation fees. Of the 160 potential members on the wait list at the time, 59 (37%) responded to the survey. The following is a summary of the questions and responses:

“The Meadows Club is evaluating several options for capital expansion over the next 3-5 years. As a potential member on the wait list we are interested in your input regarding the following options for the Club.

Keep in mind that your responses will remain anonymous and confidential and are strictly used for informational purposes and analysis by the Board of Directors at Meadows Club. Please be candid and rest assured that your responses have no bearing on becoming a member at Meadows Club in the future.

Thank you for taking the time to answer these questions and respond by replying to this email.

1) If the Meadows Club were to build an indoor tennis facility and become a year round club, dues would potentially increase from \$1200/year to \$1500/year for a family membership. This increase in dues would double availability for member use of tennis and racquet facilities throughout the year by covering three tennis courts. Please answer which best describes your feelings about this statement.

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- a) *I would be even more excited to become a member of the Meadows Club and use the Club year round. 63%*
- b) *I would be concerned about dues and consider dropping off the wait list. 16%*
- c) *I am not interested in using the Club year round and don't think indoor courts would add value. However, I would remain on the wait list and join the Club. 21%*

2) *If the Meadows Club does not build an indoor tennis facility and become a year round club would you consider joining another year round facility that is building indoor tennis courts but will charge twice as much as the Meadows Club?*

a) *Yes 16% (9)*

b) *No 84% (48)*

3) *Please list other thoughts and comments you may have regarding Meadows becoming a year round club”*

Historically, the waiting period for a Meadows family membership has been about 3 years. The waiting period has grown to an astonishing 8 years, with 196 potential members now on the list.

Platform/Paddle Tennis (PT)

First PT Court

In 2000, PT was roughly the #5 ranked enhancement requested by membership. In 2002, the platform committee led by Jim Doyle surveyed club members and ascertained there was enough interest in PT to support a program at Meadows. 58 Members responded that they would be in favor of PT and approximately 130 family members indicated that they would be interested in playing PT if a court were installed. The platform tennis committee located a used court at the Tamaron Club in Durango, made a trip there to determine its condition, and made a deal with ownership to purchase the court for \$1,000 – a fraction of the cost/value.

Jim applied, on behalf of the club, for a minor modification to the PUD to relocate the court north of tennis court #3, which was subsequently approved on Oct. 31, 2003.

John Miller obtained engineering specifications and applied to the City for a building permit that was approved Dec. 4, 2003. John contracted for piers to be poured on Dec. 5, arranged for trucking of court from Durango, and met court builder David Dodge of Premier Platform Tennis in Durango and disassembled court on Dec. 10. The court was reassembled with help of David Dodge and club members on Dec. 12th, 2003. Skirting was subsequently added with a total approximate cost of \$17,000 compared to over \$60,000 new.

Second PT Court

In 2003, the club had approximately 6-10 active players. Since then, through clinics and regular evening play at North Boulder Recreation Center, that number has been expanded to approximately 75. Two independent, informal surveys taken in the Chicago and NY areas indicate that one PT court is

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required for every 40 active players. As a result of the increased interest, PT players advocated to the BOD purchase of a second PT court. The BOD approved purchase of a 2nd PT court during the February, 2008 BOD meeting, authorizing a total expenditure of \$50,000 for the court and installation per the approved PUD (total authorization for "Phase I" was \$233k).

Since 2004, John Miller had been actively searching for another used court that Meadows could purchase at a reasonable price, and the club has received several proposals from builders for both new and used courts. Given today's high cost of aluminum, new courts are selling in the neighborhood of \$60,000 and used courts at \$40,000 to \$45,000. In March of 2008, John learned that David Dodge was erecting a temporary court in Las Vegas in conjunction with a big tennis exhibition. Realizing that he would have to transport the court past here on the way back east, John called him to explore the possibility of a deal on the court. He said that he only had the superstructure that had been erected at grade on a tennis court, but that he had a used deck to go with it in Philadelphia, and that he would be interested in exploring a deal to bring both to Boulder. He and Curt Corrigan worked out a verbal agreement for erecting the new court and resurfacing both the old and new, and the superstructure was delivered in late March at a cost of \$35,000 for the court and installation.

On May 2, 2008 Karl Guiler at the City of Boulder Planning Office met with Curt Corrigan, Jim Bray and Steve Lakowske to discuss placement options for the two Platform Tennis courts. Jim Bray compiled a meeting summary of the options discussed with Karl dated May 8, 2008 ("MDWS City Sum 05 02 08.pdf").

On May 12, 2008 the existing PT court was disassembled and moved by Meadows members to provide space for two tennis courts approved for installation in the NW corner of the property. Installation of this PT court as well as the 2nd court were planned east of the pool in place of the shed and area beyond the fence per the approved PUD, although efforts are underway to survey the neighborhood to determine if there are any objections to locating the PT courts east of tennis court #6.

The City requested that we work with the neighborhood and gain feedback on the potential locations for the PT courts. Curt Corrigan has distributed a letter to the neighbors with closest proximity to the proposed locations and has also met with the Home Owners Association. The next step is to meet with the City planners to review the neighborhood feedback and determine the best course of action for the PT location.

Existing piers were removed and the surface graded in early June 2008 in preparation for two new tennis courts located in the NW corner per the PUD (see Tennis section). Currently, components for the two PT courts reside east of tennis courts #11, #6 and #8.

A permit was approved by the City in April, 2008 for installation of the two PT courts per the PUD, east of the pool grounds. PMT 2008-01064

Pool

The Pool is 35 years old and has been well maintained. Data gathered at the focus groups and from members in general showed the following concerns:

- Will the cost of recurring maintenance problems over time justify a new pool?
- Could a major pool failure prevent the pool from service during the season?
- Safety concerns regarding the depth of the end of the pool where kid's dive for swim meets

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- Safety concerns regarding the high dive
- Poor drainage on the east side of the pool deck
- Should the Club consider updating to a “meter” pool?
- The pool is too cold
- The bottom of the pool is too abrasive and rubs children’s feet raw

Kjersten Buzek met with pool vendors from Alpine Pools and Aqueous in March and April 2008 to discuss the condition of the pool and the best approaches for maintaining the pool. It was determined through meetings with these vendors and the previous General Manager, Dale Mood that the pool structure is in terrific shape overall.

Other major cost items to be addressed are pool pumps and the boiler. Dale Mood pointed out to the Board in Spring 2007 that the pool boiler was old and problematic with possibly only one or two seasons left of its lifespan. The natural gas consumption for the Club over the summer in 2007 was down 38% due to the heater being turned off or used very sparingly to extend the lifespan. The pool boiler failed in June 2008 and was replaced. The new boiler has an expected lifespan of 30 years. Due to the efficiency of the boiler, it runs 5% of the time to maintain 80 degrees compared to the old boiler running at 90% of the time.

The overall approach to maintenance is to be proactive and put the system on a maintenance schedule. Items that are approaching the end of their lifespan such as pump valves will be replaced at the appropriate time before they break.

The following items were identified to improve the enjoyment of the pool and will be completed during the off-season prior to May 2009.

- new shell bottom with quartz finish to reduce/eliminate skin abrasion caused by repeated acid-induced etching from annual cleaning over the last 35 years. The option of choosing a slightly darker color for the new bottom will help heat the pool as well. Quotes for a pool shell refinish run from \$25K to \$35K depending on what type of finish is desired.
- new pool deck to eliminate the constant cracking, annual maintenance expense, and drainage problems on the east side. Quotes run from \$30K to \$45K depending on if the deck is expanded.

The choice to build a new pool is a matter of what the desires of the membership are and not out of necessity for having a functioning pool. The new shell, new deck, and maintenance plan will improve the enjoyment of the pool for the members, and extend the life of the pool for many, many years.

Maintenance items required to keep the pool operational are required and rapid response is necessary to minimize down time. However, no long-range plan existed to build a reserve of contingency funding for capital items such as heaters/boilers, major cracking, etc. for a 35 year old pool. The increases in dues and initiation fees included in this proposal will be used in part to build a reserve. This should avoid future Board’s from possibly levying large lump-sum fees on membership.

Grounds and Landscaping

John Clauson and Kjersten Buzek have headed the grounds/landscaping efforts with help from members including Willy Sivey and Jim Bray. In May, 2008 a list of requirements for landscaping was compiled followed by interviews of prospective landscape architects to submit proposals. Several

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consultants have been contacted and interviewed to solicit proposals for grounds improvements, many mandatory to comply with current City codes. Other enhancements are deemed important to maintain “good neighbor” relations such as planting additional trees for noise and light shielding along property boundaries.

After several interviews, KJ was able to commit two CU interns and a professional sponsor to undertake the task of designing suitable grounds enhancements as part of their CU curriculum beginning in August. This saves the Meadows considerable expense. Specific grounds improvement considerations include, but may not be limited to:

Area east of pool associated with platform tennis court construction. (Fall 2008)

- Fill and grading
 - Level area
 - “Cut in” for platform court installation
- Vegetation “screen” around west and south side of platform courts
- Removal of shed and fence around pond and east of pool
- Expansion of pool recreation space east of pool
 - Preserve runoff ditch but enhance as play area
- Construction of new fence around pond starting east of tennis courts on property line
- Extend landscape screen to south

Parking Lot improvements (Spring 2009)

- Install three new lights with city approved lumens
- Install two new landscape areas in parking lot

Phase I tennis court construction (Fall 2008)

- ⊖ Remove platform tennis piers (complete)
- Construct swale for drainage north of tennis courts per Scott Cox Engineering design
- Construct walkway with gravel and stone south of new tennis courts
- Develop a plan for future tree plantings around tennis court areas north and east of club
- Relocate shed north of tennis courts
- Develop screen to the west of new courts similar to one to the west of courts 2/3

Phase II Construction (Spring or Fall 2009)

- Replace vegetation south of retaining wall adjacent to new indoor tennis facility
- Additional vegetation east of courts
- Remove trees as needed for installation of 3rd East court
- Replace vegetation resulting from heavy equipment access during construction

All the above requirements are subject to change based on actual vs. planned enhancements and membership input. The CU interns are working on preliminary renderings of candidate ground enhancements to be reviewed by the Board and the membership.

A new layer of clean volleyball court sand, removal of the Platform Tennis court piers and hauling of considerable junk from the premises was all completed by Meadows members in early June at a considerably reduced rate.

Tennis

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The facility upgrade task force consisting of Curt Corrigan (BOD), Richard Leddon (BOD), Steve Lakowske, Jim Bray and John Givens was formed in January, 2008 and began weekly meetings (Tuesdays) in late January to identify needs and develop action plans relative to the Board's strategic planning needs. This task force was focused on developing a phased approach to improving the overall facility. Indoor tennis was identified as a strong desire for many members and the focus of this group was primarily on indoor tennis issues. The impact and complexity of financing and building an indoor facility dictated primary focus by this task force.

Roles and Responsibilities

- Richard Leddon: Board liaison and overall direction
- Steve Lakowske: Courts and buildings, project plan
- Jim Bray: PUD, permits and interaction with City of Boulder
- John Givens: Financing
- Curt Corrigan: Platform tennis procurement and assembly

At that time, tennis participation was expected to grow from the 2007 levels of 472 Adult USTA participants, 80 Junior USTA team participants and over 130 adult clinic participants. As anticipated, the Meadows 2008 USTA team participation increased over 2007, to one of the largest in the state of Colorado.

Phase I was approved by the BOD during the February, 2008 Board meeting. Phase I included \$133k to construct two new post-tensioned hard surface tennis courts in the northwest corner of the property per the PUD.

PHASE I

Phase I includes 2 new tennis courts in the NW corner of the Meadows property. A supplier search was performed using web engines, American Sports Builders Association (ASBA) recommended suppliers, USTA resources and discussions with existing facility managers (Harvest House, BCC, Ranch, etc.). The objective was to understand all options and to identify at least 3 potential, qualified suppliers of tennis courts. Research was performed to first identify candidate courts types, which included traditional hard court, cushioned synthetic and clay or equivalent. Additionally, court foundation technologies were assessed (clay, asphalt, standard concrete and post-tensioned concrete). A summary matrix was completed covering base and surfacing options (Excel spreadsheet *MEA Bldg and Courts V2.xls*) as well as cost ROMs (rough order of magnitude) that had been provided by vendors. After several discussions among committee members and comparable facility managers, it was concluded post-tensioned concrete, hard surface courts would be the best choice for the two new courts due to durability and lower ongoing maintenance costs. However, clay courts are very desirable for the Meadows Club membership and are targeted for any additional courts built in the future for the following reasons:

- Cushioned surface that reduces stress on legs by absorbing shock
- Loose surface allows for sliding and reduction of stress to knees and tissues that control lateral starts and stops
- Allows for longer play with less stress on the body (pros say they can practice twice as long on clay courts)

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The cost for 2 hard courts was estimated at about \$125k based on \$107k for 3 courts in 1996 and factoring inflation. The next step was to prepare a Request For Proposal (RFP) and solicit bids. A 20-page detailed RFP was written and sent to 3 candidate suppliers on March 19. The RFP document is "Meadows Tennis RFP 3-3-08b.pdf," and the due date was April 15. Specific evaluation criteria were included in the RFP. Two proposals were received (the 3rd was a no-bid) and evaluated based on the published criteria and a summary submitted to the Board. The recommendation to the BOD for source selection, based on RFP evaluation criteria, can be found in the document "Source Selection Courts.doc" dated April 15, 2008 and submitted to the BOD on April 16 for review and action. On May 15, the General Manager signed and sent the proposal authorizing the winning vendor (L.E. Renner) to proceed, subject to obtaining the building permit.

A drainage study required as part of the city's building permit submission was conducted by Scott, Cox and Associates, Inc., completed on May 14, 2008. The study included design of a detention pond for emergency water overflow that must be fabricated as part of the two-court construction. Copies of the drainage report as well as a previously conducted soils report were sent to Neal DePooter of Renner and received on May 28. Construction time is estimated by Renner at 8 weeks if the weather allows.

A building permit application was prepared and submitted for the two new courts on Tuesday, May 13 (PMT 2008-01878). The anticipated response date was June 10. On June 10, the City responded they were "behind about 1-2 weeks". On June 17, S. Lakowske received a response in the mail from the City of Boulder, which included several Project Application Deficiencies. Jim Bray reviewed the document, immediately tasked Scott, Cox & Associates to address the majority of the deficiencies and took the lead on the resubmission. The current estimate for re-submit is the week of July 21.

Other Phase I activities have included development of a 3D interactive model of the Meadows site to support "what if" scenarios. Location of the Paddle Tennis courts, for example, has been identified as an area of concern. This 3D model makes it possible to explore options and understand the ramifications of placing facilities in certain locations. Other "variables" include fencing and development of the East portion of pool grounds and additional landscaping. Finally, the model is important to fully understanding the implications of covering 3 tennis courts on the NE corner (2 existing plus 1 new) as part of Phase II. This was used at the town hall meeting and enables membership to visualize what a building could look like from various locations on the property, including inside the Clubhouse.

PHASE II

Simultaneous with the start of Phase I activities in January, research began on candidate structures to cover tennis courts for year-round play as well as which courts might be covered. Previous member surveys identified covered courts as the #1 member-requested enhancement, hence it seemed reasonable to begin researching this item. The approved PUD stipulates which courts may be covered, but discussions were held with the City to ensure these were still appropriate choices. It was concluded that the 5 South tennis courts approved by the City for indoor tennis were indeed the best choices due to minimal interference with neighboring homes, convenient access from the Clubhouse and the desire to limit changes to an approved plan.

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Covering the South courts (# 1, 2, 7, 8 plus 1 new) presents numerous challenges in terms of design engineering, installation and minimizing disruption to ongoing activities. Today, there are also several choices of structure types to evaluate:

- 1) Traditional Steel (e.g. US Steel, Allied Buildings, General Steel, Olympia, Butler Buildings, etc.)
- 2) Fabric/Metal (e.g. Universal Fabric Structures, Indoor Courts of America, Signature Structures, Summit Structures, etc.)
- 3) “Glulam” Wood and Fabric (Membrane Structure Solutions, Inc.)
- 4) Pressurized Bubble (e.g. Yeadon, Membrane Structure Solutions, Inc.)

Discussions have been held with many existing facility managers including Harvest House (bubble), The Ranch (bubble), South Suburban (bubble), Boulder Country Club (steel), Highlands Ranch (fabric/metal) and Steamboat (fabric/metal). All the above sites have been visited and task force members played matches in these facilities. In addition, the USTA Intermountain Section published *Facility Case Studies.pdf* which describes various indoor tennis facilities around the country. Several of these facility managers were contacted (e.g. Steamboat, Last Chance Tennis Center in Helena, MT) and were happy to share their “lessons-learned” in more detail than the USTA publication. Financial information was provided in the USTA document which has been useful for cost estimating. On January 30 a memo (*B&P request.doc*) was sent to prospective building suppliers requesting informal ROM pricing and marketing information. All vendors responded, consisting of about 10 ROMs to cover either 2 or 3 courts.

Following evaluation of the ROMs and documentation, meetings with vendors were scheduled and held at the Meadows club. As of July, 2008, no option has been entirely eliminated, although some options present considerable design challenges (glue-lam and bubbles) due to the existing retaining walls, drainage issues, etc. Telephone conversations, emails and face to face meetings at the Meadows have been held to enable each vendor to present their products, see the site and determine if there are any limiting issues or cost drivers we should consider. To date, the following vendors have visited the Meadows: Universal Fabric Structures, Signature Structures, Summit Structures, Yeadon, ASFI and Membrane Structure Solutions. Correspondence has been exchanged with Indoor Courts of America. Prior to these structure vendor visits, LE Renner and Rhino Sports had visited the site to help them prepare their courts-only bids. A summary of research findings for buildings is available on an Excel spreadsheet (*MEA Bldg and Courts V2.xls*).

The meetings and extensive communications are groundwork to prepare a comprehensive RFP for a formal B&P process and to prepare a detailed presentation for the Board and Meadows membership for comment. In addition, the information gathering supports development and maintenance of a Project Plan (MS Project, *Meadows Project Plan 3-08.mpp*) that includes all Phases of Meadows proposed and ongoing development. The Project Plan has enabled committee members as well as the Board to understand critical task dependencies, long lead time items and to optimally utilize time, resources and funding to complete any Club enhancement efficiently and economically.

Following months of meetings with potential building vendors, meetings were held with the City of Boulder Planning staff to begin to understand any code issues that may impact the Plan. In early April, 2008 a Pre-Application was submitted for “Expansion of Meadows Tennis Club”. A response to several initial questions was received on April 17, 2008 from Karl Guiler, the Case Manager. In the meantime and following this response, several emails have been exchanged on various significant topics, including:

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- Fire Wall (wall adjacent Clubhouse)
- Roof Height
- Fire Suppression System
- Permanent vs. Temporary – Implications of using a bubble
- Conditions Triggering a Site Review

After meetings with the Boulder Planning Department and ongoing correspondence with building vendors, the decision was made in early June to develop a Performance Specification (PS) rather than a formal RFP with detailed technical specification. The main difference will be the PS emphasis is “what” rather than “how” and is written at a higher level. For example, the PS will necessitate compliance with all applicable Boulder Planning Department codes and requirements. Most importantly, the PS includes a not-to-exceed budget to meet all the requirements of the Specification. The PS is currently a 14-page draft document and will be updated following resolution of the go/no-go decision by Meadows on indoor tennis.

Other Phase II research has included the proposed additional 3 East courts, and the options for surfacing/resurfacing the proposed 3 SE covered courts. Discussions with the BCC manager, court vendors and other facility managers resulted in the preliminary conclusion that clay courts would not be a practical solution for the 3 indoor courts, but because membership had expressed a strong interest in them for physical reasons, synthetic cushioned courts should be investigated as an alternative. Considerable thought has been given to task timing and sequencing (including relative to league play, tournaments, club championship) for the 3 new and 3 indoor courts and is reflected in the Project Plan.

Energy Cost Analysis

Rising utility costs are a major headline in the news and a concern for everyone. The task force collected data on energy costs annually and over the winter on a per court basis from tennis building manufacturers and local tennis facilities. We also consulted with Xcel energy and energy business consultants with the Club. Clubs with that utilize “bubbles” or temporary structures spent on average \$500-1000 per month per court for natural gas heating during the winter. Bubbles provide minimal insulation and are rated with an “R factor” of less than 5. Two key factors impacting costs are insulation rating and selected temperature. The low temperature setting of 55 degrees versus a high setting of 65 degrees resulted in the 50% difference in utility cost for a bubble with no additional insulation.

Our projection is based on a permanent structure with a expenses to cover the up front cost of insulating with an “R factor” of 30. Based on this we are conservatively estimating our energy costs to maintain a comfortable facility to be \$1000 per month per court during the winter. The courts would be open during the summer and not require any air conditioning. There would be ventilation and fans to provide a comfortable summer playing environment without sun exposure.

We also created an energy usage estimator. The estimator analyzes the two-year electricity and gas demand profile and costs for the Meadows Club by month. A monthly and annual forecast was created using this tool and inflation estimates from economyonline.com. The estimator uses sensitivity assumptions for various cost and usage scenarios below, at, or above the two-year demand profile for Meadows.

The following are energy cost projections for this proposal:

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Year	Cost	Change vs. PY	Comments
2008	\$18,150	+10%	Xcel energy advised +10% cost increase
2009	\$32,465	+79%	+10% cost increase plus increased usage for indoor facility
2010	\$38,462	+18%	10% cost increase plus additional months of usage due to indoor facility

Alternative Energy Options

The Club is pursuing initiatives to understand the viability of utilizing alternate energy sources at the club. Solar panels to generate energy on site at the Club and the Excel Windsource program are being explored by Kjersten Buzek. She has held meetings with solar energy experts to evaluate solar systems as an economical solution to provide energy for the Club. The Windsource program allows the Club to purchase blocks of wind generated electricity in advance at current pricing. In an environment of rising prices, the ability to purchase energy in advance appears to almost certainly save the Club money on energy costs. These opportunities can substantially reduce the Club's spending on energy making the above projections more conservative.

Financial Projections and Financing

In March 2007, Richard Leddon analyzed the Meadows QuickBooks database for key financial trends over the last decade. These trends were presented to the Board in April and showed overall that expense growth had outpaced income growth over the last ten years. The primary drivers of expense growth were payroll, insurance, and property taxes. Since the tennis program was contracted out to the Tennis Director's company, Meadows Club revenue was minimal and represented only 15% of the Tennis Director's revenue. Members of the Board were concerned that without long range strategic planning, the Board was not fulfilling its obligation to carefully manage the financial situation of the Club. The Club's strategy of spending as many financial resources as possible at the end of the year to avoid paying income taxes seemed inappropriate considering the Club's financial size, popularity, and age of infrastructure. The opportunity to register the Meadows Club with the IRS as a tax-exempt organization provides many advantages for the Club. The Board is pursuing the club's application for tax-exempt status with the IRS.

In August 2007, the tennis committee concluded that it was in the best interest of the Club to hire the Tennis Director as an employee rather than contract out all aspects of the tennis program. Using the swim team as a benchmark, it was determined that the Tennis program would be better positioned for success if the tennis director was supported with Club financial resources. The Board then began work on a new budget integrating the financial history of Doug Kazarosian's independent tennis company with the history of the Meadows Club.

Financial projections for Phase I and Phase II were put together utilizing the Quickbooks data on hand at the Meadows and information from many sources and tennis clubs referenced earlier. Kim Kasic, a C.P.A. with extensive experience working with non profit organizations assisted in the preparation of financial projections for various cost and income scenarios for the Club over the next five years.

There were a multitude of dues & membership change combinations, and revenue & cost assumptions analyzed prior to and following the April town hall meetings. These scenarios were informed by

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outside reviewers from the Club and the business community. Interviews were conducted with the management teams at Harvest House, The Ranch, South Suburban, Boulder Country Club, Highlands Ranch and Steamboat Springs. All of these facilities have an indoor structure to support a year round tennis program. The task force utilized Harvest House as a benchmark due to its close match in terms of club size and tennis program. Harvest House has 355 tennis memberships and 416 total. Meadows has 360 total memberships, so when the task force compares revenue with Harvest House, the projections are downgraded for Meadows to account for the difference in Club size, demographics of the club, and to be conservative. Our research shows that Harvest House generates over \$300,000 in tennis lesson revenue alone each year with the year round program. The estimates in this proposal call for \$218K in lesson revenue alone in the first full year of the program. We feel that this is a very conservative number and the upside if comparable to Harvest House, would be in excess of \$250K in Meadows lesson revenue for a year.

Terry Walters, Executive Director of the USTA Intermountain Region reviewed the proposal in detail and wrote a letter stating, *“the proposed construction costs and operation expense are well in line with other facilities of your size and make up.”* Terry is responsible for understanding and supporting all the tennis programs and clubs within a six state region representing over 26,000 USTA members.

Rob Scott, former Tennis Director at the Ranch Tennis Club in Westminster, CO for 18 years and currently Chair of the advocacy task force for the USTA’s Intermountain Tennis Region reviewed the proposal and wrote a letter which is attached. He states, *“The indoor facility at the Ranch not only improved member’s experiences by allowing them to use the facility year round, but it benefited the financial strength of the Club as a whole. The indoor tennis courts provide revenue offsetting the cost of capital and operations for the structure.”*

Rich Berman, tennis professional and business person in Boulder for the last 40 years made the following comments regarding the possibility of indoor tennis at the Meadows. “Building indoor tennis at the Meadows is a “no brainer.” Everyone in the tennis community knows that Meadows has the best potential for an indoor facility in the area. You have the approval of the City, the infrastructure, and the nucleus of membership to pay for it. I spent over \$1 million dollars to build my facility without any of the above advantages that Meadows has and have been extremely successful. Operating costs for an indoor facility are not significant. Good insulation, passive light, radiant heat, and the ability to ventilate in the summer without air conditioning combine to make it very affordable. I have a huge list of people trying to purchase indoor court time at my facility and not coincidentally, many of those are Meadows members. Regarding other potential new indoor tennis facilities. If the Meadows were to build an indoor facility, simple business logic concludes that it becomes more difficult for other facilities to get off the ground. While a member at BCC, I saw similar things happen when they put forward a proposal for indoor tennis. There was uproar from some members, a vote, and approval for indoor tennis. Some of the members were upset, but after it was built everyone scratched their heads and said “how could we have opposed this?” The BCC indoor facility is now the most popular part of the club for all the members. Now the Club is stronger overall because of the year round use.”

Rick Bedell, the Club’s CPA and tax prepared met with board members and went over the financial projections in May and July of 2008 for over four hours. The task force followed Rick’s suggestions and implemented his recommendations in the financial projections presented in this proposal.

Bank Financing

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Various financing options have been explored for this project. John Givens has led meetings with Bank of the West, Wachovia, and Wells Fargo to gather potential scenarios and financing terms. The Club's current financing and banking is handled by Bank of the West and they are offering the best options and terms with no requirement for personal loan guarantees. The first stage of financing will consist of a construction loan managed by the bank representative. All payments for the project will come directly from the bank representative who will monitor all work for quality and consistency with the specified deliverables. If the work is not to specifications, the bank will not pay for the work. This assistance from the bank helps manage overall expenses to budget. Upon completion of the work, the bank will then re-finance the construction loan as permanent financing. Depending on rates when the Club is able to lock, the club will have at least two options to choose from: a) a 10 year term with a 20 year amortization refinanced after 10 years b) 15 year term and amortization with a goal to accelerate payments and eliminate debt within 15 years.

Overall Integrated Project Plan

Considerable background research and the resulting Project Plan provide a concise and objective way for the Board and Meadows members to understand and offer input on proposed enhancements to the Club. Implications of task delays, and critical path items are clearly identified. As of July, the library of data for buildings and courts alone consists of over 355 files, 30 folders and 330 MB of data plus over 520 emails.

Rocky Mountain Tennis Center (RMTC)

RMTC has purchased land and begun raising capital to open a tennis facility with indoor courts on Arapahoe road just east of 63rd street. Some Meadows members have expressed concern that this facility will impact the Meadows clubs plans for indoor tennis or the number of potential members on the Meadows 8 year wait list. In terms of business strategy, the Meadows Club has many competitive advantages such as a strong membership, approvals from the city, strong financial position, and the infrastructure in place which present obstacles to market entry for other potential clubs.

After numerous discussions over the last year with the principal owners of the tennis center, it is the Board's perspective that there is a major contrast between the vision of RMTC and the Meadows Club.

- RMTC is marketing itself as a full service "world class" tennis center with numerous outdoor and indoor courts. The target audience is the serious tennis player from around the region and even out of state to train for competitive level tennis in a high altitude environment. There are no plans to have a swim team.
- The target audience at the Meadows Club is the family tennis player who would like to have a community environment to participate in tennis and swim activities. Some members choose to participate in competitive swimming and tennis while others enjoy the social aspects of the Meadows community. The Meadows club will always provide those options for its members.

Our understanding is that the RMTC still has two major obstacles to overcome before opening possibly sometime in 2010.

1. Remaining capital has to be raised to pay for land and construction for the very large facility
2. The city must annex the property in order for services to be provided

Based on our interviews with local tennis experts from the other tennis clubs and the USTA, the consensus opinion is that there is tremendous demand for tennis year round in Boulder. The addition of three indoor courts at Meadows will satisfy the demand among Meadows current membership, but will not have an impact on the demand in the Boulder community at large. There is also the question

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of the future of Harvest House's tennis program. Although unsubstantiated, many in the community feel that the lack of investment by Millennium Hotel Group over the past few years shows only a short-term commitment to the tennis program. Without an investment in the long term needs of the tennis program, the members at Harvest House are likely to be in play when a new facility geared toward the needs of the general public opens on Arapahoe. With an eight-year wait list, the Meadows Club is not a likely target for these players looking for a new facility.

Election Procedures

R.S. Wells L.L.C. a professional services firm specializing in management of election services for municipalities will count the proposal votes. They will receive the ballots directly from members, provide for safe keeping throughout the election process, count the ballots multiple times, 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 of ballots, printing and addressing of ballot return envelopes and providing instructions to voters.

Conclusion

It is the hope of the Board that members of the Meadows are very pleased with the quality of the work and the amount of effort dedicated to this process. The Board has worked very hard to make decisions thoughtfully, objectively and methodically. We invite members to review any of the documents (except those deemed proprietary or sensitive), referenced to provide constructive input as part of an open process to serve the needs of the majority of Meadows members.

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Meadows Board of Directors' Relevant Experience

<p style="text-align: center;">Ann Goldfarb</p> <p>Ann is an attorney and former district attorney with the Jefferson County DA's office. Prior to her role with the District Attorney's office she worked extensively as a legislative drafter and researcher with the State of Colorado. Ann's other activities include work on six different non-profit boards and as an advocate for children's rights around the world.</p>	<p style="text-align: center;">Curt Corrigan</p> <p>Curt is an entrepreneur focused on software for project planning in the construction industry. Curt and his wife Wendy have successfully managed and grown their software business over the last two decades. Curt is an avid athlete and competes in various sports throughout the state of Colorado and nationally. Curt and his family have been key contributors to the Club by organizing major social events and coordinating elements of the home swim meets for the Club.</p>
<p style="text-align: center;">Audrey Irwin</p> <p>Audrey has an extensive background in software systems support and management. Based in Boulder, Audrey has spent the last 12 years in technical support management. She is also President of the Board for the non-profit Boulders Dinner Theater Academy. As a parent, Audrey has been very active volunteering at Eisenhower Elementary, Manhattan Middle School, and Fairview High School. Audrey has been a key contributor over the years to Meadows swim team and is an active tennis player at the Club.</p>	<p style="text-align: center;">Dee Perry</p> <p>Dee's background is in financial management and was most recently Chief Financial Officer of McData Corporation. After completing her MBA, Dee held various management positions in finance at major corporations. Her other activities include roles on five different boards in the medical and education areas. Dee most recently joined the Citizen's Bond oversight committee reporting to the Board of Education for BVSD.</p>
<p style="text-align: center;">Louie Beaupre</p> <p>Louie is an entrepreneur with extensive success starting several businesses and most recently as President of the FranChoice consulting firm. After graduating with his MBA, Louie held various management positions in finance, operations, and general management. His other interests include mentor work with the Daniels College of Business, the Boulder Chamber of Commerce and a Board member with the American Red Cross.</p>	<p style="text-align: center;">Doug Peterman</p> <p>Doug is an entrepreneur in the software industry for human capital management systems. After 14 years, Doug recently sold his software business and is in the process of pursuing other interests. For the last three years, he has been an active member of Vistage, a CEO coaching and mentoring organization. In his role at Vistage, he helped other business owners solve problems and grow their businesses. Doug has two boys in high school with one playing tennis and swimming on the high school teams.</p>
<p style="text-align: center;">Richard Leddon</p> <p>Richard's background is in general management consulting. As a consultant with Deloitte Consulting in New York, Richard advised Fortune 500 clients on strategy and business process. As a recent "stay at home Dad," Richard has coached numerous youth sports teams in basketball, soccer, and tennis at Boulder High School. He has also contributed as a volunteer at Bixby Elementary, Flatirons Elementary, and Eisenhower Elementary.</p>	

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Volunteer Committee Members Relevant Experience

<p style="text-align: center;">Steve Lakowske</p> <p>Steve's has spent 30 years as an engineer and he most recently retired after selling two software companies that he founded and ran in his role as Chief Executive Officer and Chief Technical Officer. While at Stanford's graduate studies program in control theory, Steve held roles at NASA's Ames Research Center then engineering management roles at various software companies. Steve has held three different Corporate Board positions and was a coach and board member for the South Boulder Little League.</p>	<p style="text-align: center;">Kim Kasic</p> <p>Kim is a Certified Public Accountant managing her own business specializing in the not for profit sector for the last 10 years. Prior to starting her own firm, Kim held various audit management positions including Ernst & Young in Denver, Co. Kim is currently on three boards with Director's roles at Western Resource Advocates, Environmental Center of the Rockies, and Eisenhower Elementary School.</p>
<p style="text-align: center;">Jim Bray</p> <p>Jim manages his own architecture firm here in Boulder. After graduating from the University of Tennessee, Jim has worked in various architectural roles and is a licensed architect in 15 states. Jim is also a LEED accredited professional. Jim is an active member of the Meadows Club with two children on swim and tennis teams. He grew up in Boulder as a Meadows Club member living in the Meadow Glen neighborhood.</p>	<p style="text-align: center;">John Givens</p> <p>John has been in the financial services industry for over 25 years. He currently is a Senior VP with Wachovia securities in Boulder. John was a co-founder of Front Range Academy with four campuses in the Denver metro area. He has been a member of the Meadows Club for the last 15 years with two daughters who have participated on the swim and tennis teams at Meadows.</p>
<p style="text-align: center;">John Miller</p> <p>After graduating from Yale and serving four years as a Naval Officer, John owned and ran a very successful commercial photography and printing company in New York City. After years of success, John's interest in recreation led him to be the President of Fox Meadow Club in NY. Fox Meadow is the "home" of platform tennis and John established relationships with leaders in the platform tennis industry.</p>	<p style="text-align: center;">John Clauson</p> <p>John is the owner of Claw painting in Boulder. His company provides painting and general contracting work for hundreds of clients including the Meadows Club. John is also a partner in Blended Stone, a company specializing furniture design and manufacturing. John is an active Meadows Member with his entire family participating in USTA tennis at the Club.</p>