

**Minutes of the
Bachelor Gulch Village Association
Board of Directors Meeting held
March 21, 2019**

A meeting of the Bachelor Gulch Village Association (the “Association”) Board of Directors was held on March 21, 2019. In attendance were Board members Beth Howard, George Bigley, Gary Shimanowitz, and Brian Kushner. In attendance by phone was Board member, Nick Nichols. Also in attendance were Mike Trueblood, Association Manager, Steve Nusbaum, Manager of Design Review Administration, Jerry Hensel, Director of Base Area Operations, Steve Janicek, General Manager of The Ritz-Carlton, and Carol Floyd, Secretary to the Meeting. The meeting was called to order at 2:00 p.m., and it was noted that proper meeting notice was given and a quorum was present. Introductions were made.

Election of Officers

In accordance with Section 7.1 of the Association Bylaws, Mike Trueblood recommended the Board nominate officer positions of President, Secretary and Treasurer.

Brian Kushner moved to nominate Beth Howard for President and it was unanimously approved. Beth Howard moved to nominate Gary Shimanowitz for Secretary. Brian Kushner seconded the motion and it was unanimously approved. George Bigley moved to nominate Brian Kushner for Treasurer. Gary Shimanowitz seconded the motion and it was unanimously approved.

Approval of Previous Board Meeting Minutes

Motion was made by Brian Kushner to approve the following meeting minutes as presented:

- **September 17, 2018 Regular Board Meeting Minutes**
- **October 12, 2018 Special Board Meeting Minutes**
- **December 27, 2018 Special Board Meeting Minutes**

George Bigley seconded the motion and it was unanimously approved.

Review of Annual Meeting Minutes

Beth Howard asked if there were any suggested changes or corrections to the 2018 Annual Meeting minutes. Hearing none she stated they will be approved by membership at the 2019 Annual Meeting.

Design Review Administration

Steve Nusbaum gave an update on the settlement agreement for the tree removal violation at 256 Tall Timber. All conditions of the agreement have been met with the exception of selecting an arborist. Steve reported on another matter related to this property whereby a request and application were submitted for a home site amendment to install a pool on the property. The Bachelor Gulch Design Review Board (“DRB”) denied the request and it has been appealed. A revised proposal is expected. Steve informed the Board of plans to accept credit cards for compliance deposits and application fees. He spoke about the associated transaction fees. Based on last year’s deposits, with the assumption 60% of applicants would pay via credit card, the cost is estimated to be approximately \$9,000. Steve explained deposits are typically a percentage of construction costs except for new construction which is based on square footage. The minimum fee is \$5,000. Steve asked for direction from the Board whether to recoup or absorb the cost of transaction fees. Steve noted there is a certain time period when refunds can be made via credit card. A question was raised in regard to transaction fees for refunds. Steve agreed to look into this.

Motion was made by Brian Kushner to proceed with incorporating credit card payments into the Design Review Board application fee and compliance deposit process, in a budget neutral manner, subject to verifying treatment of refund transactions. Gary Shimanowitz seconded the motion and it was unanimously approved.

Gary Shimanowitz relayed an inquiry from a Buckhorn property owner pertaining to a tree leaning toward their home from a skiway easement. Gary asked who would make the determination for its removal. Steve Nusbaum said if the tree is on Vail Resorts property, it would be considered maintenance of a skiway. If the tree is on the homeowner’s property, they are required to go through the approval process.

Public Safety

Mike Trueblood reviewed the Public Safety activity report, noting going forward the report will include prior month and year data for comparison purposes. Public Safety Services increased to 70 from 64 the prior year because of more snow and stuck

vehicles. Mike said there is a detailed report for each incident available to the Board at their request. A question was raised in regard to the policy for towing vehicles in Bachelor Gulch. Mike Trueblood said he will follow up with this information.

Black Hills Energy Update

Jennifer Gilbert and John Denning from Ireland Stapleton law firm joined the meeting via conference call. Mike Trueblood briefed the Board on the background of the Black Hills Energy (“Black Hills”) rate case. Black Hills sent notice to all customers with proposed rates and reasoning for the rate change. As customers, there is an opportunity to provide feedback and intervene to potentially influence decisions on the final rates. Mike explained the genesis of this matter being that Black Hills residential and commercial customers pay 30% - 35% higher rates than neighboring Public Service Company customers. Brian Kushner spoke about the impact to communities to the west as far as Eagle, and suggested getting a larger segment of the population onboard. He asked if it would be too late for others to intervene. Jennifer Gilbert answered the deadline for intervention is tomorrow. She added there are a few ways to attempt to get additional intervention after that deadline. Jennifer gave an overview of the consolidated case. The first phase is addressing what the rates will be. The second phase will address how the rates are allocated. Black Hills is requesting the rate increase in order to cover costs to generate a minimum return on equity. An Administrative Law Judge (“ALJ”) will grant or deny the petition to intervene. Assuming it is granted, the matter can be monitored for involvement to protect a rate decrease. Jennifer spoke about various opportunities for engagement. Brian asked, from a strategy viewpoint, if it would be beneficial to have a couple of cities and another association join the Association for a stronger position in negotiating. Jennifer affirmed stating this case has generated only two commercial interventions with the Association solely representing residential. She agreed the addition of others would help strengthen the argument and could be beneficial by splitting the research related to the numbers and science behind the case. Jim Tarpey joined the call. Discussion took place in regard to involving other communities beyond the intervention deadline. Jim advised other participants could assist the Association as a larger group, and would not be treated as an intervener with rights, but as an additional witness in support of the issues the Association is raising. Mike Trueblood asked for guidance on what is needed from other communities to become involved. Jim will provide this information. In answer to Mike’s request for an assessment of the matter and anticipated outcome, Jim said he expects the major issue to be whether there should be any decrease with other areas receiving an increase. He further recommended supporting the reduction of Black Hills return on equity. Jim noted when there are two utility sources, there will always be rate differences. He added when the territory was divided between Black Hills’ predecessor and Public Service Company, there was no development in Bachelor Gulch. The way in which Black Hills operates differently from their predecessor is not a factor. Other aspects of the case and strategies were discussed. At Mike’s request, Jim spoke about what is needed to proceed. The ALJ that is going to hear this case and prepare a recommended decision for the three commissioners to consider in September is going to schedule a pre-hearing conference in the next couple of weeks where a date will be set for all interveners to file their testimony. In June, the company files their case in response to everything that has been filed by the interveners. Hearings will be held in July. Jim suggested between now and the pre-hearing conference, Ireland Stapleton will delve into issues they have identified and those discussed on the phone, and will get a better sense of the staff’s and Office of Consumer Council’s position. In a couple of weeks, Ireland Stapleton will advise on next steps to be effective and the associated cost. Jennifer asked for the Board’s authorization to file a nondisclosure agreement related to confidential material interveners have access to for discovery and analysis purposes. As an intervener, BGVA may have the opportunity to participate in discover of Black Hills documentation that supports debt calculations. The calculations may reveal how costs are being allocated to the detriment of the geographic area including the Association rather than more equitably across the state.

Motion was made by George Bigley to authorize Ireland Stapleton to proceed with filing a non-disclosure agreement and to draft discovery. Brian Kushner seconded the motion and it was unanimously approved.

Financials

Mike Trueblood reviewed the financials as of February 28, 2019. On the Balance Sheet, he explained the unfavorable variance for retained earnings year-over-year is a result of a higher amount of real estate transfer assessments (“RETA”) in the prior year. He noted RETA was ahead of budget last year and is tracking on budget this year. The Income Statement shows revenue at \$1.691m vs. a budget of \$1.656m. Civic Assessments are favorable on a year-to-date basis. The forecast has not been changed. In regard to expenses, the unfavorable variance for Transportation is related to opening four days early. Overall, a net positive is forecasted for the total operating budget. Mike noted legal expense includes \$15K for the rate case. If more funds are needed for the case, that forecast may be discussed and adjusted. Mike gave an update on various projects budgeted in the Improvement/Replacement Fund. \$5K for the lift terminal design may not be pursued. Gary Shimanowitz said he has had preliminary discussions with Doppelmayr and determined the terminal was not designed to handle the weight of a log chinked exterior. It would have to be redesigned at a significant cost. Mike reported for Pedestrian Paths and Bike Trails, some work has been completed in the current fiscal year on the connecting trail to the Village-to-Village Trail, and additional work will commence the first of June, weather permitting. For Wildfire Mitigation, Koby Kenny, the new Public Safety Director, is working with Firewise to coordinate fire mitigation. The bus shelter will be re-stained and maintained this fall. Koby is evaluating the Public Safety vehicle fleet and will keep the Board apprised. Landscaping at the Tennis Center is

expected to begin the first of June with focus on the area between the lower and upper courts. For the Signage project, Brian Kushner clarified it was intended to refresh some winter signs and add summer signage. Gary informed the Board of a proposal from Bachelor Gulch Metro District to cost share in replacing gates, logs, and rocks at 12 or 13 entry points to the mountain with something more substantial, at a cost of approximately \$13K. George Bigley recommended the logs be capped with brass to preserve the wood. The Board was in agreement to use funds budgeted for signage to collaborate in funding this project.

Other Business

Mike Trueblood asked for the Board's approval to increase 2019 Transportation capital spending by \$10K from the original budget of \$285K to \$295K. Paul Gorbald, Transportation Manager, has identified a different model of people mover vehicle that has one additional seat and is built to have an estimated useful life of eight years instead of seven years. Mike noted, one net 4WD vehicle will be added to the fleet next year because less than expected have been retired.

Brian Kushner moved to approve an additional \$10K to the budget for Transportation. Nick Nichols seconded the motion and it was unanimously approved.

Brian Kushner made the Board aware of challenges Paul Jardis has encountered in negotiations with Comcast. Brian has offered to participate in negotiations if necessary.

Brian Kushner brought to the Board's attention that cell service on the mountain is becoming an increasing problem. The biggest complaint he received from his group of 500 clients was cell service in Bachelor Gulch and near a few lifts in Beaver Creek. Gary Shimanowitz said the resort works with American Tower and installed a new mono-pine tree at the top of Haymeadow last summer to improve service there. He offered to work with the Telecomm department and American Tower to request a study to identify deficiencies. The Board was in support of this approach.

Motion was made by George Bigley to enter Executive Session. Gary Shimanowitz seconded the motion and the Board entered into an Executive Session at 3:34 p.m. to discuss a third-party matter.

Motion was made by Brian Kushner to exit the Executive Session at 3:50 p.m. George Bigley seconded the motion and the Board exited the Executive Session.

There being no further business, Brian Kushner moved to adjourn the meeting. Gary Shimanowitz seconded the motion and the meeting was adjourned at 3:51 p.m.

Respectfully submitted,

Carol Floyd
Secretary to the Meeting