

**Minutes of the  
Bachelor Gulch Village Association  
Board of Directors Meeting held  
September 11, 2019**

A meeting of the Bachelor Gulch Village Association (the “Association”) Board of Directors was held on September 11, 2019. In attendance were Board members Nadia Guerriero, George Bigley, Gary Shimanowitz, and Brian Kushner. In attendance by phone was Board member Nick Nichols. Also in attendance by phone was Lisa Mayer, Attorney for the Association. Those present 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, Paul Jardis, President of the Bachelor Gulch Metro District, Erin McCauley, Financial Analyst, and Carol Floyd, Secretary to the Meeting. George Bigley called the meeting to order at 3:00 p.m., and it was noted that proper meeting notice was given and a quorum was present.

**Approval of Previous Board Meeting Minutes**

**George Bigley moved to approve the July 8, 2019, Board of Director Meeting Minutes as presented. Nick Nichols seconded the motion and it was unanimously approved.**

**Black Hills Energy Update**

Jim Tarpey, legal counsel representing the Association in the Black Hills Energy (“Black Hills”) rate case, joined the meeting by conference call to give a status update and make recommendations for next steps. He explained, in the beginning of the process, that Black Hills requested a rate increase and also indicated the desire to make changes to how rates are allocated throughout all territories. They were successful in having the Administrative Law Judge (“ALJ”) advance the case without a great deal of specific data to support. Jim and his team are currently gathering the information related to the allocation of the rates and will file their testimony on September 27<sup>th</sup>. On October 15<sup>th</sup>, those in opposition of the proposals, the Public Utilities Commission (“PUC”) staff and Office of Consumer Council (“OCC”), will be allowed to file testimony. There will be a one-day hearing to address spread of the rates on October 28<sup>th</sup>. Statement of position by all parties is expected by November 1<sup>st</sup>. The record will then be closed and the ALJ will make a recommendation to the PUC. The PUC will make a final decision in February or March of 2020. Mr. Tarpey referenced one of three commissioners whose term will end the first week in January, noting it is unknown whether they will be reappointed. He further stated this commissioner would be favorable to the Association’s position on leveling rates. It will be important for the Association, Vail Resorts, and Energy Outreach Colorado to ensure the degree to which Black Hills moves to flatten rates across all areas occurs sooner than later. Mr. Tarpey advised the Association should be supportive of Black Hills if they align with their original intent, and to be prepared to push back if the PUC and OCC do not go in this direction. When asked the reason for the delay in this case, Mr. Tarpey explained it was caused by Black Hills increasing their request for a rate increase from \$2.5m to \$3.5m, and the additional discovery required. Mr. Tarpey said pleadings were filed laying the groundwork to preserve the right to argue to the full Commission if unsatisfied with the end result. Legal expense related to this case was discussed. Currently, \$40K has been spent. Going forward, Mr. Tarpey recommended staying active with representation at the hearing, estimating the associated cost to be \$10K - \$12K through the end of the year. Mike Trueblood noted this additional expense would apply to FY20.

**Gary Shimanowitz moved to authorize an amount not to exceed \$12,000, by calendar year end, for legal services related to the Black Hills Energy rate case. Brian Kushner seconded the motion and it was unanimously approved.**

**Design Review**

Steve Nusbaum asked for the Board’s consideration to eliminate fees for interior remodel projects. Currently fees charged are 1.5% of the project cost. Steve said Bachelor Gulch is the only association which Design Review provides administration for that charges a fee for interior remodels. He noted interior remodels do not require formal Design Review Board (“DRB”) approval. Steve clarified this would not affect deposits or preconstruction requirements. Per the construction activities regulation, an informational application with scope of work is required. The minimum compliance deposit is \$5K. Steve added the only type of interior activity that would require DRB approval would be an increase in square footage or change in use of space, triggering other regulatory provisions in the guidelines and regulations. The construction activity regulation covers any type of activity, whether it requires approval or not. Steve noted fees collected have been minimal, i.e., \$7,825 for 2019 and \$5,740 for 2018. Mike Trueblood commented on the desire to be consistent with other communities. Brian Kushner pointed out Design Review is forecasting \$120K in revenue and \$90K in expense.

**Motion was made by Brian Kushner to eliminate fees for any construction activity that does not require Design Review Board approval. Nick Nichols seconded the motion and it was unanimously approved.**

Mike Trueblood gave an update on DRB's ability to accept credit card payments. He explained the challenge has been to meet PCI compliance. A solution has been found and Erin McCauley is setting the process in motion.

### **Public Safety**

Mike Trueblood reviewed the Public Safety Activity Report noting a significant decrease from last year in the Firewatch category. Paul Jardis commented that this was discussed in the Metro District meeting and determined to be because of reduced fire danger this year. The fact that wildlife sightings are down was discussed.

### **Financial Update**

Mike Trueblood went over the financials as of July 31, 2019. Revenue year to date is \$3.692m, which is \$98K below budget. Mike stated real estate transfer fees ("RETA") have been lower than expected, and civic assessments were also below expectations in June and July. Total revenue is forecasted to be \$149K below budget at year end. In regard to expense, year-to-date common area expenses of \$2.6m are \$34K unfavorable. Mike noted the \$20K unfavorable variance shown for trash is due to the timing of invoices and an early payment. The \$13,500 unfavorable variance in transportation is because the mountain opened four days earlier than originally scheduled. Public Safety is \$35K favorable to budget through July and are now fully staffed. Total expenses are anticipated to be slightly favorable at year end.

Mike Trueblood referenced the 2018 financial audit and said the auditors are prepared to issue a clean opinion with the Board's approval. Three corrections and adjustments were discussed. \$1.1 million will be moved from Operating to the Improvement Fund. Nadia raised the question of whether there is a limit to the amount that can be transferred, and Mike said he will consult with the auditors to clarify. \$100,000 in unclaimed funds will be escheated to the State of Colorado. Lisa Mayers added there is a Colorado statute that governs the process.

**Gary Shimanowitz moved to approve the Financial Statements and Audit Report dated September 18, 2019, issued by McMahon and Associates. Brian Kushner seconded the motion and it was unanimously approved.**

Mike Trueblood presented the FY20 proposed budget and explained how assumptions were determined. The average of FY18 and FY19 was used for RETA. For Civic Assessments, a 3% increase over the FY19 forecast was assumed. The proposed budget for Design Review fees is \$95K. Total revenue is budgeted at \$4.283M. Brian Kushner suggested budgeting RETA flat with the FY19 actual to be more conservative. Regarding expense, Village Connect is budgeted \$24K lower than the current year because fewer operating days are forecasted. Professional Services – Legal are budgeted lower than the current year because there will be less fees related to the Black Hills case. Public Safety labor is expected to be flat. Capital projects were discussed. Mike suggested \$25K for pedestrian trails and bike paths for a project to be identified. He noted \$5K was spent on bus shelters in FY19, and recommended \$20K for further improvements in FY20. No expenditures for Public Safety vehicles or Tennis Center landscaping are anticipated. General consensus was to budget \$25K to contribute toward the Metro District's and Public Safety's fire mitigation efforts. Gary Shimanowitz proposed \$25K for trail signage. Mike stated no funds will be needed for the irrigation system at the front gate. He proposed \$30K for gate house entry and other landscaping. Mike suggested \$25K for tennis center improvements to upgrade the office to a pro shop. He will finalize the proposed budget per the direction received today for the Board's approval via electronic vote.

### **Village Connect**

Brian Kushner relayed a suggestion from a Village Connect driver to add an option to the Village Connect app allowing passengers to provide a tip through Apple Pay or Google Pay. This would follow the notice to rate the ride. The Board declined to take further action on this item.

### **Tennis Committee Update**

Mike Trueblood commented on the success of the tennis pro this season and the desire to have him return. Mike said an assistant pro was not hired this year, and the tennis pro's preference would be to continue covering the program without one. Mike asked the Board's permission to manage an agreement with the tennis pro for next year that is in line with the budget. Remarks were made in regard to the positive feedback received on Ali's performance. The Board was in agreement to allow Mike Trueblood discretion to pursue an agreement with Ali Colak within confines of the budget for next season that would not include an assistant pro. Mike informed the Board of the need to inspect the Tennis Center's roof for repair or replacement. Discussion took place in regard to ownership of the building and operation of the tennis program. Lisa Mayers advised that a search for historical agreements be conducted. Paul Jardis noted the lower level of the building is occupied by the Water Authority and Centurylink. Lisa requested copies of the license agreements. The Board will schedule an Executive Session to further discuss these matters. Mike said some members of the Tennis Committee have advocated to expand the number of courts and add pickle ball. He spoke about the fact that all four existing courts are not generally completely utilized, and there has not been enough demand to merit pickle ball.

## **Other Business**

**The Ritz-Carlton Pool Deck Expansion:** Steve Janicek described The Ritz-Carlton (the “Ritz”) pool as the number one asset in the community, noting it has the same access as the tennis courts. He spoke about carrying the burden of the furniture and towels, and that it has reached capacity and is no longer a luxury experience. Steve estimated 30% - 40% using the pool deck are hotel guests, 50% - 60% are Timbers or Snow Cloud guests, and 10% are Bachelor Gulch Club members. He talked about the alternative of enhancing the experience and charging for access. George Bigley recommended review of the legal documents to better understand the obligation. Steve will work with Mike Trueblood and George Bigley on a proposal to present to the Board for their consideration.

## **Wireless and Wi-Fi Service**

Brian Kushner raised the issue of poor wireless and Wi-fi service at Zach’s Cabin, and cell service throughout the community. Various potential solutions were discussed. Paul Jardis mentioned improving 4g service by adding 16 towers. Brian noted there will be at least one new tower on the mountain as a result of the McCoy Park expansion. Mike Trueblood said, per the Vail Resorts IT Department, AT&T is working on a plan to improve service in the area with microcells. Mike urged IT to prioritize Arrowhead and Bachelor Gulch. Brian suggested forming a subgroup of the Board to discuss various options. Mike will further pursue the possibility of opportunities to work with AT&T and Verizon on these improvements through the IT Department. Dave Berg asked to be kept in the loop on this matter.

## **Holiday Trash Pick-up**

Discussion took place around trash pickup during holiday weeks. Mike clarified Waste Management’s policy to be during a holiday week, service will be delayed by one day for all days that fall on or after the holiday. Normal schedule will resume the following week. Paul Jardis said they sometimes pickup on the normally scheduled day, and he spoke about a communication breakdown. Mike Trueblood said he was informed by Waste Management that they communicate with the associations who are responsible for notifying property owners. Mike will confirm the policy and communication process with Waste Management.

**There being no further business, Brian Kushner moved to adjourn the meeting. Gary Shimanowitz seconded the motion and the meeting was adjourned at 5:08 pm.**

Respectfully submitted,

Carol Floyd  
Secretary for the Meeting