

**Minutes of the
Bachelor Gulch Village Association
Board of Directors Meeting held
September 17, 2018**

A meeting of the Bachelor Gulch Village Association (the “Association”) Board of Directors was held on September 17, 2018. In attendance were Board members Beth Howard, George Bigley, and Gary Shimanowitz. Also in attendance were Tim Baker, Association Manager, Steve Nusbaum, Manager of Design Review Administration, Paul Goldberg, Sr. Manager of Transportation, Jerry Hensel, Director of Base Area Operations, Erin McCauley, Financial Analyst, Steve Janicek, General Manager of The Ritz-Carlton, Paul Jardis, representing Bachelor Gulch Metro District, and Carol Floyd, Secretary to the Meeting. In attendance by phone were Board members Brian Kushner and Nick Nicholls. Also on the phone were Lisa Mayers, Legal Counsel for the Association, and Steve Janicek, General Manager of The Ritz-Carlton. The meeting was called to order at 3:31 p.m., and it was noted a quorum was present. Introductions were made.

Minutes

Brian Kushner moved to approve the July 10, 2018 meeting minutes as presented. The motion was seconded by Gary Shimanowitz and unanimously approved.

Design Review

Steve Nusbaum gave an update on a violation that was issued for the unauthorized removal of trees at 256 Tall Timber. The Design Review Board (“DRB”) reached settlement with the owner of this property at the end of last month, and the \$300,000 fine has been received. Steve explained one outstanding condition of the settlement agreement is to engage an arborist to nurture the native areas on that property to ensure they come back in a natural state. Once an arborist is selected and a five-year cost proposal is received, the property owner will put those monies in escrow to be drawn upon as needed for maintenance of the native areas and planting of six large trees as specified by the DRB. Any funds remaining at the end of five years will be returned to the owner. Steve reported there has been an increase in project activity over the past month.

Public Safety

Tim Baker said it has been a relatively quiet summer with regard to Public Safety incidents. There was a heightened level of attention to fire watch. Wildlife have been less visible than in years past.

Financials

Tim Baker compared the 2018 actual and forecast to the 2018 budget for the fiscal year ending September 30, 2018. The only material change on the Balance Sheet year-over-year was the \$1.5m contribution to Bachelor Gulch Metro District (“BGMD”) for paying down debt. Operating revenue was discussed. Real Estate Transfer Assessments (“RETA”) are forecasted to end the fiscal year at \$1.6m. Civic assessments are tracking on budget. Design Review fees reflect the \$300K fine that was collected. The revenue shortfall is expected to be \$130K. Tim noted this is not expected to have an effect on the overall financial position of the Association. Taking into account the ebbs and flows in expenses and savings in capital, the budgeted reserve amount will be met. There were increases in expenses for Transportation related to the Downtowner dispatch platform that took effect earlier in the year and Legal expenses for investigation of certain energy initiatives. There was significant savings in Public Safety due to open positions. Tim explained, given the weakness in RETA, many of the capital projects that were budgeted have been deferred. In addition to the \$1.5m paid down for BGMD debt, two gatehouse landscaping projects were completed for a total of \$70K. As previously discussed by email, the Little Bear lot will be resurfaced as a joint project with Beaver Creek Resort Company. Projects that were not done include the lift terminal design, bus shelter repairs, gates and camera system, tennis equipment and tennis court laser releveling, and trail signage. The pedestrian trails budget was re-forecasted from \$25K to \$15K to fund the interconnect portion of the trail Arrowhead is building. This project will not be completed in the current fiscal year. The \$125K in project savings will offset the shortfall in revenue, leaving \$1.430m for improvement reserves and an additional \$1m in operating reserves.

FY19 Budget Proposal

Tim Baker explained the Association is required to adopt a tentative budget for FY19 by the end of September for presentation to and ratification by the membership at their Annual Meeting in December. In presenting the proposed budget to the Board, Tim stated for overall expenses a 3% merit/cost of living adjustment has been made for labor, noting the Association is based on a cost plus structure. For revenue, assumptions for RETA and Civic assessments have been based on a three-year average. Because of the shortage in RETA this year, a more conservative approach was discussed. The Board was in agreement to reduce the budget for RETA by 10% and decrease capital expense by eliminating the gatehouse roof and camera projects. All were in agreement, if RETA received is stronger than anticipated in FY19, the Board would be in favor of additional capital allocations. In regard to expenses, Tim said the Public Safety budget makes the assumption all vacant positions will be filled. He presented three proposal options for transportation service offerings. The Board decided upon the second option that will provide the same service plan as FY18 with basic adjustments for the winter operating schedule and how holiday periods fall on the calendar, with enhanced service Thursday through Sunday evenings.

Motion was made by Brian Kushner to approve an interim budget for fiscal year 2019 with changes recommended including RETA based on a three-year average minus 10%, elimination of the gatehouse roof and camera capital projects, and confirmation of the Dial-a-ride budget based upon Proposal 2 as outlined in the Board package. Nick Nichols seconded the motion and it was unanimously approved.

Village Connect

Tim Baker said once the Village Connect system is fully integrated around the holiday period, monthly reports will be provided to the Board. Within the next month and a half, a significant marketing campaign will commence to drive awareness of the Village Connect app. Paul Gorbald estimated since the soft launch in early August there has been a 30% booking rate through the app and 70% through the call center. He said he is optimistic with the marketing campaign and in-house process changes, significant business can be driven to the app. Tim Baker explained the reservation option does not currently exist in the system and could be an add-on feature but is not recommended by staff. He said each reservation would require a vehicle to be taken out of the system. The cost would be the impact on every other user of the system and would essentially be black car service. Historically, only 1.7% of on-demand trips have represented reservations. Tim recommended tabling this matter for a year to further evaluate how the system operates. All were in agreement to table reservations for at least a year. It was noted the fact there are no reservations should be included in the communication campaign. Paul Gorbald added that when someone calls for a ride, their name and phone number are captured and a link is sent via text to download the app. Gary Shimanowitz pointed out the capability to check wait times in advance of booking a ride.

Ritz Pool Deck Design Ideas

Tim Baker provided background context pertaining to the Association's involvement with The Ritz-Carlton ("Ritz") pool. A financial contribution was made by the Association when the pool was constructed which, in return, grants all members of the Association and their guests use of the pool. He said the primary objective for the Board is to consider philosophically how the Association wishes to look at that facility as an amenity for the overall community. He said there is no contractual obligation for further investment in the property, but pointed out the potential value of this asset. Steve Janicek spoke about the shortage of seating capacity on the existing pool deck. He said the goal is expand seating by 25 seats. He described options including a temporary deck extension toward the mountain or, alternatively, a more narrow extension that would follow the contour of the rock wall. Tim Baker mentioned structurally suspended seating. The question was raised whether it would be possible to relocate Daniels to the other side of the plaza as a more permanent solution. Steve Janicek stated this would require re-plumbing and noted there is snowmelt under the existing bricks. Tim said the overarching objective would be to ensure what is put in appears as though it was meant to be there. He suggested the Board revisit this in the spring to evaluate finances and other projects that may be under consideration.

Gas Utility Investigation Update

Tim Baker stated there has been progress in the gas utility investigation. Jim Tarpey has let Black Hills know the Association is interested in gaining perspective on the divergent rate structure that currently exists. Tim spoke about various ways to approach this matter. He said legal counsel has recommended taking an informal approach without legal representation at this time, by identifying a few individuals from the Board or within the community to

participate in discussions with Black Hills on behalf of the Association. Tim mentioned the possibility of hiring a third-party energy consultant to be involved with this group. Tim Baker, Brian Kushner, and Steve Janicek agreed to meet with Mr. Tarpey in preparation for an informal meeting with Black Hills.

Comcast Bulk Service Update

Tim Baker spoke about negotiations with Comcast and his expectation to receive a final contract soon that has been vetted by BGMD and the Association's legal counsel. He explained the primary issue that exists is billing through BGVA as a local improvement assessment. This would require a 30-day notice and a majority affirmative vote by affected members to pass. Tim spoke about the opportunity to implement electronic voting to significantly increase participation in achieving quorums, decrease cost outlay, and to be more environmentally friendly. Paul Jardis informed the Board of BGMD's intention to enter the aforementioned contract with Comcast as the signing entity on behalf of the property owners. Discussion took place regarding the roll-out process. Brian Kushner said a technician install would be required for most properties to upgrade modems and cable boxes, noting all internal wiring would stay the same. All were in agreement that BGVA suspend contract discussions with Comcast and defer to the Metro District.

Tennis Update

Tim notified the Board of the Tennis Committee's recommendation to bring back Keith Warner as the tennis pro next summer.

Brian Kushner moved to issue termination notice to Cliff Drysdale Tennis and enter into a contract with Keith Warner to return in the summer of 2019 as the tennis professional. Nick Nichols seconded the motion and it was unanimously approved.

Annual Meeting Date and Record Date for Voting

Tim Baker proposed Thursday, December 20, 2018 as the date for the Annual Meeting. He further proposed setting a record date of November 15, 2018 to determine property ownership and eligibility to vote.

Motion was made by Brian Kushner to schedule the Annual Meeting for December 20, 2018, and set a record date of November 15, 2018. Gary Shimanowitz seconded the motion and it was unanimously approved.

Other Business

Tim asked for the Boards approval to move forward with an electronic voting platform for the Annual Meeting election. The Board was in agreement.

Tim solicited input on the value of hard copy property owner directories. Brian Kushner spoke on behalf of other community members he has heard from who find the directories useful and do not wish to discontinue distribution.

Gary Shimanowitz proposed adding a line item to the previously approved FY19 budget in the amount of \$7,500 for Bachelor Gulch summer lift operations on select dates.

Motion was made by Gary Shimanowitz to amend the proposed FY19 budget with the addition of \$7,500 for Bachelor Gulch summer lift operations on four to six select dates contingent upon an equal contribution by The Ritz-Carlton, Bachelor Gulch. Brian Kushner seconded the motion and it was unanimously approved.

Brian Kushner commented on mountain signage prohibiting e-bikes and pedal-assist bikes. Gary Shimanowitz explained the purpose of the signage. Beth Howard spoke about a recent meeting with all Colorado resorts and USFS leadership where this issue was discussed in regard to special use permits and no definitive answer was given. She explained Beaver Creek has chosen to prohibit e-bikes because of several close calls which have occurred this summer. Brian suggested a future discussion to consider ways to control or monitor e-bikes rather than a blanket exclusion.

There being no further business, motion was made by Gary Shimanowitz to adjourn the meeting. Brian Kushner seconded the motion and the meeting was adjourned at 5:13 p.m.

Respectfully submitted,
Carol Floyd, Secretary to the Meeting