

BACHELOR GULCH VILLAGE ASSOCIATION
Board of Directors Meeting
via Videoconference
September 17, 2021

A meeting of the Bachelor Gulch Village Association (“the Association”) Board of Directors was held on September 17, 2021. In attendance via videoconference were Board members Brian Kushner, Nick Nichols, Gary Shimanowitz, and Phil Metz. Also in attendance were Mike Trueblood, Association Manager; Dana Miller, Sr. Financial Analyst; Lisa Mayers, Association Attorney; Dan Dickhart, General Manager of The Ritz-Carlton, Bachelor Gulch; Mike Leeds, Rivers Jardis, and Linda Mossman, Design Review Committee Members; and Carol Floyd, Secretary for the meeting.

Gary Shimanowitz called the meeting to order at 2:32 p.m. Mike Trueblood confirmed proper meeting notice was given and a quorum of Board members was present.

Approval of Board Meeting Minutes

Brian Kushner moved to approve the June 17, 2021 Board of Directors Meeting Minutes as presented. Phil Metz seconded the motion and it was unanimously approved.

Annual Meeting Date

Carol Floyd suggested December 22nd or December 29th to hold the Association Annual Members Meeting. The Board’s preference was to hold the meeting in person with a virtual option. Dan Dickhart offered to check space availability at The Ritz-Carlton on both dates.

Record Date

Carol Floyd recommended setting a record date of November 15, 2021, to establish property owner eligibility to vote in the annual election. The Board was in agreement with this date.

Public Input

There was no public input.

Design Review

Mike Trueblood relayed an update on behalf of Ryan Wolffe, Design Review Senior Analyst. There are currently over 100 active projects across Bachelor Gulch. The new residence at 3792 Daybreak Ridge was completed and received a certificate of compliance. New residences at 2704 Daybreak Ridge and 66 Horizon Drive are in various stages of approval. There are 51 applications for remodel, tree removal and roof replacement projects. The appeal to the Association with regard to the speakers outside at 880 Daybreak Ridge is still ongoing. The architect has agreed to relocate and survey the speakers in question so they are located inside the home site boundary, in accordance with Design Review regulations. Brian Kushner spoke about a request for more accurate drawings to determine if the speakers are fully in compliance. Linda Mossman stated, because the speakers in question were installed prior to submitting an application for approval, the Design Review Board (“DRB”) has called for removal. The Association Board was in support of the DRB’s decision. Mike Trueblood will request the speakers be removed by the end of next week. Moving on to DRB board matters, Mike Trueblood explained, in accordance with the BG Declaration, DRB members are appointed by the declarant (Vail Resorts) for a twelve-month term. The term runs concurrent with the Association fiscal year of October 1 to September 30. He asked Mike Leeds and Linda Mossman if they would be interested in serving another term on DRB commencing on October 1st. Linda Mossman accepted another term. Mike Leeds noted he will be joining the Bachelor Gulch Metro District (“BGMD”) Board and is willing to continue on the DRB if appropriate. The topic of an alternate Board member was discussed. Discussion took place in regard to adding a probationary member or

substitute. Lisa Mayers advised there is no prohibition for having a substitute in the Bylaws, noting there can only be five active voting members at one time. At Mike Trueblood's request, Lisa will draft rules around such a process. Lisa Mayers shared her opinion that there would likely be no conflict of interest by serving on the DRB and BGMD Boards. Rivers Jardis agreed to serve another one-year term on the DRB.

Public Safety

Mike Trueblood shared photos of the fire mitigation project in Bachelor Gulch noting \$40K has been spent on these efforts. Fire mitigation efforts have been guided by The 2017 Beaver Creek/Bachelor Gulch/Arrowhead Aspen Forest Sustainability Plan. This was performed by Anchor Point Group, was reviewed by Eagle River Fire Protection District and deemed to be relevant and current for use in 2021. With regard to the Public Safety Activity Report, Brian Kushner asked why there has been an increase in fire alarms compared to the prior year. Mike answered, per Maureen Crofton, Bachelor Gulch Public Safety Manager, it is related to greater resident occupancy. Brian inquired about the bear incident on the report and Mike said he has not received further information.

Financial Update

Dana Miller reviewed the Balance Sheet as of August 31, 2021. The Association had \$9.4M in net assets with \$9.6M in three Wells Fargo accounts, \$150k in accounts receivable, less \$650K in refundable DRB deposits. Dana noted she will be accruing for civic assessments monthly going forward and the financial statements will reflect an accrual for September assessments. Current liabilities for expenses reimbursed to Vail Resorts the following month is \$313K plus \$18K in accrued expenses. Operating equity is \$6.6M including retained earnings at the beginning of \$3.3M. Dana recommended holding \$1M in the Operating Fund and transferring the audited surplus or any excess funds to the Reserve Fund. Capital Equity of \$2.4M will increase with transfer of the prior year surplus.

Brian Kushner moved to hold \$1M in the Operating Fund and transfer the audited surplus or any excess funds to the Reserve Fund. Phil Metz seconded the motion and it was unanimously approved.

On the Income Statement, Dana reported year-to-date revenue of \$6.8M on a budget of \$2.6M driven by real estate transfer assessments ("RETA"), with \$4.4M collected through August on a budget of \$2.5M. Of the RETA collected, 15 transactions were single-family home sales averaging \$8M. \$16K in miscellaneous revenue is for proceeds from a Public Safety vehicle sale. Common area expenses are favorable to budget by \$547K. Transportation is favorable to budget by \$515K because of less service hours. Legal and Design Review expense were the primary contributor to \$40K in operating expenses being unfavorable to budget. The surplus through August and forecasted for the end of the fiscal year is approximately \$3.2M. Brian Kushner asked the amount of DRB fees associated with tree removal violations. Dana said \$180K accounted for one tree assessment. She spoke about improvements and replacements. \$70K has been spent. Landscape upgrades and gatehouse staining will be deferred to FY22. The signage project will be done in November (next fiscal year). The Tennis Center improvement is expected to be \$53K on a budget of \$80K. The revised forecast for total improvements is \$166K.

2020 Audit

Dana Miller said a draft of the 2020 audit has been received and no changes are anticipated for the final version. The 2020 surplus was \$2.1M and there was nothing of note in the audit adjustments. Mike Trueblood commented on adjustments made from the prior year and measures taken to improve the process going forward. Brian Kushner added he has reviewed the audit and found it to be straightforward.

Nick Nichols moved to approve the Association's 2020 Financial Audit subject to receiving the final version with updated date and without further changes from the preliminary draft. Brian Kushner seconded the motion and it was unanimously approved.

2022 Proposed

Dana Miller presented the 2022 proposed budget noting it was reviewed by Board Treasurer Brian Kushner. She spoke about his recommended changes that are not reflected in the first draft which was sent to the board in the meeting packet. \$4.6M is budgeted for total revenue with \$2.2M in RETA. Brian has recommended reducing RETA to \$2M based on a five-year average from 2015 and 2019. Brian added there is very little inventory currently for sale so it could impact FY22 total sales. Dana explained the budget of \$2.3M for Civic Assessments did not account for the Ritz renovation and closure between April 4th and June 30th next year. This is anticipated to decrease to \$2.1M. Design Review fees will be revised from \$57K to \$85K based on 2019 numbers. Mike Leeds suggested forming a committee of Association Board members and DRB members to reevaluate the DRB fine structure. The Board was in agreement. Lisa Mayers will circulate the existing policies for both Boards to review. Mike Trueblood said the updated revenue budget will be \$4.186M. He noted this conservative approach with regard to revenue indicates a withdrawal from the Reserve Fund and contribution to Operations. Dana reviewed budgeted expenses. Public Safety is likely to increase to \$840K, a 5.5% increase over last year's budget and 8% increase over the forecast for this year where there have been open positions. Landscaping will increase to \$115K because of an increased cost for landscape materials. Brian Kushner remarked that the entrance landscaping was vastly improved this year. Mike stated \$2.3M for Village Connect is assuming full staffing hours provided. Included in the budget assumption is an incentive program for drivers which includes a \$500 hiring bonus for new drivers and a \$4 - \$5 hourly retention bonus for all drivers. This is to be paid in the spring based on total hours worked and by staying until the end of the winter season. These bonuses will equal \$70 - \$80K for Bachelor Gulch and is pending Vail Resorts' approval. Mike confirmed additional service hours have been factored into the budget in the event the season is extended to April 17th. Total operating expenses are budgeted at \$4.504M plus a contribution from the Reserve Fund of \$317K.

Brian Kushner moved to approve the Association's Fiscal Year 2022 Operating Budget of \$4.186M in Revenue, \$4.504M in Expense, plus a contribution from the Reserve Fund to Operating in the amount of \$317,000. Nick Nichols seconded the motion and it was unanimously approved.

Dana Miller reviewed the FY21 capital forecast. Landscape upgrades for \$25K, gatehouse staining, and trail signage will be moved to FY22. Tennis Center improvements will be \$53K and Board directed capital \$20K for a total of just under \$170K in capital improvements this year. Mike Trueblood went over a preliminary capital plan for FY22. Plaza pavers at the pull-through entry slated for repair or replacement in FY22 on the Reserve Schedule have been assessed and will be deferred for five years. Other proposed capital improvements include wildfire mitigation, Tennis Center improvements, and Board directed capital. Mike will circulate the Capital Project budget for the Board's input followed by an electronic vote.

Other Business

Wireless: Mike Trueblood spoke about discussions with Brian Kushner regarding improving wireless service in Bachelor Gulch and potentially utilizing the existing conduit and fiber below BGMD roadways and towers. In meetings with BGMD this summer, they have shown interest in receiving a proposal to consider. Brian asked Gary Shimanowitz if there would be an opportunity to consult with American Tower to cost out a project. Gary said they are adding antennas to the top of Chair 16. Brian recalled an earlier study showing holes in service near Tall Timber, Horizon, Peak View, Elkhorn and Daybreak Ridge. Gary offered to inquire with American Tower and Vail Resorts IT on this matter. Brian also said it would be useful to know the cost to blow out fiber to the various areas in Bachelor Gulch if needed.

Black Hills Energy Rate Case: Mike Trueblood reported legal counsel is sitting through the Black Hills Energy ("Black Hills") rate case process. Bachelor Gulch's recommended rate increase would be less than other areas affected by the case.

McCoy Park Construction Update: Gary Shimanowitz said the concrete and helicopter work is complete in McCoy Park. Next steps will be going vertical with the lift terminals and warming hut. Lifts will be tested the first week in November. Because this area does not have snowmaking, it is anticipated to open mid-December.

Fishing Pond – Settlers HOA: Mike Trueblood informed the Board of feedback received with regard to algae in the pond near Settlers Lodge. Whittaker Landscaping has been working to address the matter.

Brian Kushner moved to enter Executive Session at 4:10 p.m. for purpose of consulting with legal counsel on privileged and confidential matters. Phil Metz seconded the motion and it was unanimously approved.

Brian Kushner moved to exit Executive Session at 5:13 p.m. Phil Metz seconded the motion and it was unanimously approved.

There being no further business, Brian Kushner moved to adjourn the regular meeting. Phil Metz seconded the motion and the meeting was adjourned at 5:14 p.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting