

**BACHELOR GULCH VILLAGE ASSOCIATION**  
**Board of Directors Meeting**  
**via Videoconference**  
**July 18, 2022**

A meeting of the Bachelor Gulch Village Association (“the Association”) Board of Directors was held on July 18, 2022. In attendance via videoconference were Board members Nadia Guerriero, Brian Kushner, and Nick Nichols, Also in attendance were Lee Hoover, Association Manager; Dana Miller, Sr. Financial Analyst; Lisa Mayers, Association Attorney; Sid Schultz, Sr. Analyst for Design Review Administration; Koby Kenny, Director of Public Safety; Jerry Hensel, Director of Base Area Operations; Dan Dickhart, General Manager for The Ritz-Carlton; Mike Leeds, representing Bachelor Gulch Metro District; George Coleman, President of Arrowhead Association, and Carol Floyd, Secretary for the meeting.

Nadia Guerriero called the meeting to order at 10:02 a.m. Lee Hoover verified a quorum was present and proper meeting notice had been provided. Nadia explained Phil Metz vacated his Board position and ended his tenure with Vail Resorts at the beginning of May, taking a Chief Operating Officer role with a marketing agency he was previously employed by. Nadia announced that Dan Ramker has been named the new Vice President of Mountain Operations and will fill the vacancy left by Gary Shimanowitz.

**Consideration of the April 1, 2022 Board of Director Meeting Minutes**

**Brian Kushner moved to approve the April 1, 2022 Board of Director Meeting Minutes as presented. Nick Nichols seconded the motion and it was unanimously approved.**

**Other Business**

**Short-term Rentals:** Lee Hoover spoke about a recent conversation between Brian Kushner, Nick Nichols, Lisa Mayers, and Mike Leeds with regard to short-term rentals in Bachelor Gulch. Per the Declaration, short-term rentals are allowed in the community. Concerns have been raised regarding short-term renters compliance with the rules and regulations. Action items for Lee and his team include continuing to update owner contact information and sending a communication to the community directing them to reach out to Public Safety to handle matters of noncompliance. In addition, to send a reminder to property owners of the rules and regulations and where to access them, noting their responsibility of ensuring renters and visitors in their units understand and uphold the same. Brian Kushner suggested training for Public Safety to address short-term rental issues. Nick Nichols proposed obtaining contact information for each owner’s local representative. Nadia Guerriero suggested implementing a registration process. Dana Miller talked about the collection of civic assessments and working with Host Compliance to track short-term rentals. She offered to work with Lee to identify local property management companies used for submitting civic assessments.

**The Ritz-Carlton Sound System Update:** Lee Hoover reported The Ritz-Carlton (“Ritz”) was able to find a resolution using their current infrastructure to install a limiter to set a decibel level on their sound system. The total cost for this project will be approximately \$22K. Dan Dickhart asked the Board to consider partnering on this cost. Brian Kushner and Nick Nichols spoke in favor of supporting the project. Brian Kushner suggested a communication be sent to the community once the project is complete.

**Nick Nichols moved that the Association fund 50% of the Xssentials proposal, not to exceed \$11,000. Brian Kushner seconded the motion and it was unanimously approved.**

Dan Dickhart gave an update on the Ritz remodel. He said the guest rooms came out quite nice. They are waiting on a few essentials for rooms because of supply and delivery delays. Spa furniture and carpeting, Great Room furniture, fourth floor carpeting, and fitness center flooring is expected to arrive in late September. Dan further stated the Ritz received the top luxury Ritz-Carlton guest satisfaction award out of all US/Canada Ritz properties for last year.

**Bachelor Gulch Metro District Donation**

Lee Hoover summarized requests from Bachelor Gulch Metro District (“BGMD”) for a donation to bring down debt and allow for a reduction in the mill levy and for a contribution toward wildfire mitigation. Mike Leeds estimated a pay down in debt in the amount of \$2M would reduce taxes by approximately \$163K and provide a 16% return. Lee

noted in prior instances when the Association has provided a donation to BGMD, a Memorandum of Understanding (“MOU”) was drafted to stipulate timing and how the funds must be used. Dana Miller explained, in the past the donation was included in the annual budget and approved by membership. She recommended following the same process. Dana said, from a financial standpoint, there would be no concerns with this payment. The Association’s reserve equity is currently over \$8M, and 2022 is forecasted to end strong with real estate transfer assessment (“RETA”) revenue. Nick Nichols and Brian Kushner spoke in favor of proceeding with the contribution. Once an MOU is finalized, Nick suggested sending a joint statement on behalf of the Association and BGMD to inform property owners of the collaboration and to thank Paul Jardis for his years of service on the BGMD Board.

**Brian Kushner moved to include a contribution in the amount of \$1M to Bachelor Gulch Metro District in the Association’s 2023 budget. Nick Nichols seconded the motion and it was unanimously approved.**

### **Wildfire Mitigation Contribution**

Dave Berg stated BGMD has done a lot of fire mitigation work identified by the Eagle Valley Wildland group. BGMD has completed approximately 80% of the eastern ridgeline. Old Growth Tree Service has been contracted by BGMD to do hand work in steeper areas. Dave referenced a summary detailing fire mitigation work completed through June 2022, work currently underway, and recommended additional fire mitigation for 2022. He explained BGMD budgeted \$110K for work that is contracted and \$60K for in-house labor and machine work for a total combined budget of \$170K. Estimates for additional recommended fire mitigation work are \$110K for Old Growth Tree Service and \$12K for internal BGMD work. BGMD is requesting the Association partner with them by funding \$110K toward the remaining fire mitigation work for 2022. Dana Miller said the Association budgets \$30K annually for fire mitigation. She explained there is \$100K in Board directed capital for projects that are unspecified. After committing \$11K for the Ritz sound system, \$89K remains in Board directed capital. \$80K of Board directed capital could be allocated to this partnership along with \$30K budgeted for fire mitigation. Dana further explained she consulted with the tax accountant and confirmed there would be no tax benefit with the \$1M or \$110K contributions. Discussion took place with regard to the opportunity for a free risk assessment by Eagle River Fire Protection District and sending a reminder to property owners of their personal responsibility and resources that exist.

**Brian Kushner moved to partner with Bachelor Gulch Metro District on fire mitigation efforts currently underway to be completed this year by contributing \$30K budgeted for this purpose, and an additional \$80K of budgeted Board directed capital, for a total contribution of \$110K. Nick Nichols seconded the motion and it was unanimously approved.**

### **Public Input**

For the Board’s consideration, George Coleman spoke briefly about the possibility of covering the Bachelor Gulch tennis courts with a temporary bubble for winters only to provide indoor tennis. He mentioned he has spoken to Paul Jardis and BGMD about this proposal. George welcomed a future conversation to discuss how it would be paid for and implemented. Dave Berg offered to obtain minutes from the BGMD meeting where this topic was discussed and share the information with the Board and George.

Lisa Mayers informed the Board that some covenant enforcement and design review policies will have to be modified because of new legislation. She will work with Lee Hoover and Sid Schultz on the revised policies. She left the meeting for a previously scheduled obligation.

### **Design Review**

Sid Schultz said he has been in discussion with Lisa Mayers regarding the House bill pertaining to notification and enforcement policies that goes into effect in August. Sid stated Dan Ramker, Mike Leeds, and Rivers Jardis will be leaving the Design Review Board (“DRB”). He noted the Declarant appoints new members and asked the Board to send any recommendations for candidates to Lee Hoover, Nadia Guerriero, or himself. Nadia Guerriero stated Chris Burns, Sr. Manager of Engineering and Building Maintenance, has been appointed to fill Dan Ramker’s position on the DRB. Sid noted all meetings are currently being held virtually.

### **Public Safety**

Koby Kenny said there has been a tremendous amount fire mitigation work completed in Bachelor Gulch, Beaver Creek, and Arrowhead to reduce fuel and provide better access in case of a fire. Koby referenced the Public Safety

activity report. One of the emergency medical reports was a false alarm triggered by maintenance on the system. Of the two reports of suspicious criminal activity, one was for speeding and the other for stolen tools from an ATV belonging to a contractor hired by BGMD. Public Safety is looking at an update to the camera system to provide digital footage and better support the systems currently in place. Brian Kushner inquired about cars parked on Bachelor Ridge for long periods of time. Koby agreed to look into this with Public Safety and follow-up with Brian. An incident involving musicians and their disrespectful interaction with Public Safety was discussed. Brian apologized on behalf of his fellow residents.

### **Financials**

**Financial Report:** Dana Miller reviewed the Balance Sheet as of June 30, 2022. The Association has \$14.2M in assets. \$14.4M is held between three Wells Fargo accounts including checking, and operating and improvement Money Market accounts. There are approximately \$700K in refundable DRB deposits. The bulk of liabilities are payables to Vail Resorts for invoices or allocation of expenses that is paid the following month. There is just over \$5M in operating equity. At the Board's direction, \$1M will be kept and the balance transferred to the reserve fund at fiscal year-end. As of current year, operating surplus is just over \$4M and capital equity is \$8.9M. On the Income Statement, total revenue in the amount of \$7M is \$4M favorable to budget. The biggest drivers are civic assessments in the amount of \$2.6M, \$1M favorable to budget, and real estate transfer assessments ("RETA") of \$4.5M vs. a budget of \$1.2M. Dana said RETA is anticipated to slow down with three pending sales for July and August. RETA and civic assessments are forecasted to end the fiscal year at \$4.6M and \$3M, respectively. Design Review revenue is currently under budget by \$25K. Transportation expenses are favorable by \$325K based on the service hours included in the budget and is expected to end the year \$200K favorable. A favorable variance of \$24K is forecasted for Public Safety. Dana will accrue a credit in the amount of \$30K - \$40K for trash that the Ritz will reimburse for their summer construction project once Jasen Brown has reviewed the invoices. The variance in Marketing for the contribution to Beaver Creek Resort Company is a timing issue for an invoice paid in June that was budgeted for July. A surplus of \$3.4M is forecasted for FY22. For improvements, \$25K spent has gone toward landscaping. Dana will update the forecast to include Board directed capital approved for the Ritz and BGMD wildfire mitigation. Landscape upgrades and tennis court releveling will be moved to 2023.

**Banking/Investments:** Dana Miller followed up on a discussion in the last Board meeting related to account balances above the FDIC limit of \$250K as noted in financial audits. Per the Investment Policy, unless otherwise approved by the Board, the Association will maintain balances within FDIC coverage. Brian Kushner and Dana have met with First Western Trust and she and Lee Hoover have had conversations with Wells Fargo. She will summarize information received last week and send to Brian for review before forwarding to the Board. To be in compliance with the Investment Policy, sweep accounts can be utilized where, nightly, any balance over \$250K is swept into different financial institutions. Statements are consolidated. Because the Board are fiduciaries for other people's money, Brian shared his philosophy of taking an exceedingly low-risk approach on investment. He asked other Board members to share their view to ensure alignment.

### **New Business**

**Waste Removal:** Lee Hoover noted the Waste Management contract is coming up for renewal. A new proposal will be received by the end of July and increased rates are anticipated. Lee has also reached out to a third-party. He will inform the Board as more information is received.

**There being no further business, Nick Nichols moved to adjourn the meeting. Brian Kushner seconded the motion and the meeting was adjourned at 11:34 a.m.**

Respectfully submitted,

Carol Floyd  
Secretary for the Meeting