

BACHELOR GULCH VILLAGE ASSOCIATION
Board of Directors Meeting
via Videoconference
March 31, 2023

A meeting of the Bachelor Gulch Village Association (“the Association”) Board of Directors was held on March 31, 2023. In attendance via videoconference were Board members Brian Kushner, Dan Ramker, and Paul Gorbald. Also in attendance were Lee Hoover, Association Manager; Dana Miller, Sr. Financial Analyst; Lisa Mayers, Association Attorney; Koby Kenny, Director of Public Safety; Steve Nusbaum, Sr. Manager of Design Review Administration, Jerry Hensel, Director of Base Area Operations; Hugh Fairfield-Smith, Fire Management Officer with Eagle River Fire Protection District; Kristi Kennedy, President of Bachelor Gulch Residents Association; Dan Dickhardt, General Manager of The Ritz-Carlton, Bachelor Gulch; and Carol Floyd, Secretary for the meeting.

Brian Kushner called the meeting to order at 1:33 p.m. Lee Hoover confirmed the presence of a quorum and that proper meeting notice was given.

Approval of Board Meeting Minutes

Paul Gorbald moved to approve the December 28, 2022 Board of Director Meeting Minutes. Dan Ramker seconded the motion and it was unanimously approved.

Review of the 2022 Annual Meeting Minutes

No changes or corrections to the December 28, 2022 Annual Meeting Minutes were suggested.

Public Comment

Brian Kushner informed the Board of a request from Jim Wallace for Nadia Guerriero to keep Bachelor Gulch open an extra week and take advantage of the plentiful snow conditions. Brian added, if Vail Resorts were to keep Bachelor Gulch open, it would be a stand-alone “island.” Intertwine, Primrose, and Arrowhead would be closed. Dan Ramker stated the cost to keep Chair 16 open would be \$200K. He said a decision will have to be made quickly to ensure staffing coverage and grooming to support the operation. Brian spoke about positive feedback he has received regarding the benefit to Bachelor Gulch, not considering the cost impact. He further stated, the Association could entertain making a contribution to this effort if a formal proposal is received. Kristi Kennedy shared her sense there will be very few homeowners in residence that week.

Design Review Administration

Steve Nusbaum reported activity is picking up at this time of year. The past two or three years have been very busy from a building perspective and for his team. There are 14 items on the agenda for the April 13th Design Review Board (“DRB”) meeting. Steve brought up two topics for the Board’s consideration. In 2021, a resolution was drafted that would allow for an alternate DRB member. DRB is currently down one member with the possibility of another member stepping down. In the interest of achieving quorums and avoiding the potential of having to postpone meetings, DRB members think it would be helpful to have an appointed alternate to fill in when there are absent members. Steve talked about HB22-1137 and how it relates to enforcement of regulations. There are provisions in the Construction Activity Regulations that are not enforceable under the new legislation. Steve proposed addressing that document to put together something that is enforceable for his team to effectively execute. He said he wants the Board and community to be aware there are limitations on what DRB’s enforcement capabilities are currently. Lisa Mayers asked Steve to participate in the Executive Session later in the meeting regarding this matter. Brian Kushner asked Kristi Kennedy to let him know if there are any Bachelor Gulch Residents Association (“BGRA”) members who may be interested in serving on the DRB. Lisa Mayers clarified DRB appointments are made by Vail Resorts rather than the Association Board.

Public Safety

Koby Kenny referenced the Public Safety Activity Report noting there was one Ritz-Carlton noise complaint from Bear Paw Lodge and two ski swaps that occurred at the Ritz ski storage racks. Koby said a sound reading was not taken. Dan Dickhart explained he was out of the country when this incident happened. He noted sound guard equipment has been on backorder and is expected soon.

Fire Mitigation

Hugh Fairfield-Smith thanked the Association on behalf of Eagle River Fire Protection District (“ERFPD”) and Eagle Valley Wildland (“EVW”) for their ongoing support to help reduce the risk of catastrophic wildfire. EVW just received the International Association of Fire Chiefs award for fire mitigation excellence. EVW has contracted with Old Growth Forestry (“Old Growth”) to continue with efforts to finish the units within the Bachelor Gulch footprint. They will then move on to the maintenance phase. Beaver Creek has contracted with Old Growth to finish portions above Strawberry Park. Hugh explained they were not awarded in the last round of funding. They are reapplying to double the funds from what has been invested this far. If this grant is received, they will be able to leverage the funds and carry them for up to five years. Partners throughout the area have been helping with letters of support. Hugh offered to draft a letter on behalf of the Association. Lee Hoover accepted Hughes offer and said the Association will add their specifics.

Financial Update

Dana Miller reported as of February 28, 2023, the Association had 13.7M in assets. The Balance Sheet shows all additional accounts that were opened in February. \$6.7M in First Western Trust (“First Western”) sweep accounts are FDIC insured in accordance with the Investment Policy. As of last week, First Western increased the yield on these accounts to 2%. Per the Board’s approval, \$5M was invested in Treasury Bills in \$1M increments, maturing from 6 months to two-and-a-half years, with an average yield of 4.77%. \$593K was transferred from Wells Fargo to First Western in March to keep the Wells Fargo balance below the FDIC \$250K limit. \$936K in Accounts Receivables is transfer fees received in March and two months of Civic Assessments which were delayed while new wire transfer templates were set up for The Ritz-Carlton. Liabilities are current expenses paid by Vail Resorts and reimbursed the following month. Operating Equity of \$5.5M includes the audited surplus from last year and this year’s year-to-date surplus of \$454K. Capital equity is \$7.8M. Kristi Kennedy requested Dana provide a brief overview of the Association’s investments to share with BGRA in their mid-year newsletter. The Income Statement breaks down the \$454K surplus year to date. Revenue of \$2.6M is favorable to budget by \$800K, with the biggest factor being \$1.6M in Civic Assessments. \$948K in real estate transfer assessments (“RETA”) is favorable to budget by \$213K. Dana explained the Association’s fiscal year begins in October. From October to February, there were 22 sales with three homes over \$5M compared to last year when there were 45 sales and five homes over \$10M. This decline was anticipated and budgeted. In March there were five sales generating \$400K in RETA, and there are three sales pending for April. Common area expenses are \$102K favorable to budget, driven by \$80K savings in Transportation for higher service hours budgeted than are being billed. The only negative variance is for trash with commercial service seeing a bigger increase than budgeted. There is a new 20% environmental fee for all commercial billings. Dana is reviewing this with Waste Management and will update the Board. Public Safety is favorable to budget by \$39K. Depreciation is favorable to budget. Paul Gorbold noted vehicles have been ordered but not received. The only payment made from the Reserve Fund is the \$1M contribution to Bachelor Gulch Metro District to pay down debt. More payments are expected to come in as projects get started in the spring. Dana referenced the 2022 financial audit included in the Board package. She said it was a clean audit with minimal adjustments. Historically, there has been a note that the Association was not in compliance with the Investment Policy. Since the Association was not in compliance by the end of September the note was again included and an additional paragraph was added in the audit letter stating the Board had approved moving funds to various financial institutions with the majority of the investment being in FDIC insured sweep accounts and was working to be in compliance in 2023. Brian Kushner said he anticipated this to be a subsequent event, given what had been implemented by the date of the letter. Dana will reach out and ask for that revision. Dana explained, historically the Board has transferred all but \$1M out of the Operating Equity to the Reserve Fund. With the Board’s approval, the audited surplus of \$4,068,701 will be transferred to the retained earnings equity beginning balance for the Reserve and cash transferred to from the First Western Operating to the Reserve bank account.

Brian Kushner moved to transfer the audited 2022 operating surplus of \$4,068,701.00 to the reserve fund. Dan Ramker seconded the motion and it was unanimously approved.

Other Business

Survey: Lee Hoover informed the Board he and Carol Floyd met with four survey firms and received cost proposals ranging from \$4K to 20K. The purpose of the survey is to help understand what upgrades the community is

interested in the Association funding. Lee suggested forming a committee with Kristi Kennedy, Brian Kushner, Paul Gorbald, and himself to determine topics for the survey. He mentioned pickleball, tennis, trail improvement, cell service, and wildfire mitigation. Lee recommended using RRC Associates noting they have conducted surveys for Arrowhead and are familiar with the resort and residential set up. Their cost estimate is in the middle range at \$11K. Kristi urged Lee to deploy the survey as soon as possible. He estimated the survey will be rolled out in late June or early July. Kristi suggested a communication to property owners if pickleball is not going to happen this summer. Discussion took place regarding the possibility of setting up pickleball in the Wolf Lot as a temporary solution. Lee talked about operational use of the lot. He agreed to look into a buildout plan in the Wolf Lot and will report back to the Board on cost and feasibility. Lee noted this season the tennis pro will be logging usage by court and hour to provide a detailed understanding of how the tennis facility is being used. Kristi shared her opinion that pickleball is something a lot more people can play than tennis and that it is an amenity which has become an expectation as the sport has grown in popularity. She added Beaver Creek courts are reserved for Beaver Creek residents in the morning when most people want to play.

Brian Kushner moved to approve an amount not to exceed \$12,000 to contract with RRC Associates to conduct a homeowner survey. Dan Ramker seconded the motion and it was unanimously approved.

The Board entered an Executive Session at 2:55 p.m. to consult with legal counsel concerning matters that are privileged and confidential between attorney and client.

The Board exited Executive Session at 3:33 p.m.

Steve Nusbaum and Lisa Mayers will follow up on recommendations.

There being no further business, Dan Ramker moved to adjourn the meeting. Paul Gorbald seconded the motion and the meeting was adjourned at 3:34 p.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting