

BACHELOR GULCH VILLAGE ASSOCIATION
Board of Directors Meeting
October 7, 2024
via Videoconference

A meeting of the Bachelor Gulch Village Association Board of Directors was held on October 7, 2024 via videoconference. Board members Bobby Murphy, Kristi Kennedy, Brian Kushner, and Paul Gorbald were in attendance via videoconference. Also in attendance were Lee Hoover, Association Manager, Lisa Mayers, counsel for the Association, Dana Miller, Financial Analyst, Steve Nusbaum, on behalf of Design Review, Mike Leeds, president of the Bachelor Gulch Metro District, Jerry Hensel, Director of Base Area Operations, Dave Berg, on behalf of Bachelor Gulch Metro District, numerous members of the Association, and Mike Heaphy, secretary for the meeting.

Bobby Murphy called the meeting to order at 1:31 p.m. Lee Hoover confirmed the presence of a quorum and that proper notice of the meeting was given.

Approval of Board Meeting Minutes

On motion duly seconded, the Board approved the minutes of the June 22, 2024 Board of Directors meeting.

Public Input

Association member Vanessa Heinecke asked for an explanation of the \$300,000 trails line item on the proposed Association budget for 2025 in light of the fact that only \$150,000 had been spent on trails through August 2024. Dana Miller and Brian Kushner explained that trail spending for 2024 was not complete and that year-end spending on trails would be closer to \$300,000 once all invoices were received and paid. Brian and Association member Joel Ettinger further explained that the \$300,000 figure in the 2025 budget was largely a placeholder based on 2024 trails spending as the Association is waiting on a proposal from Progressive Trail Designs for potential work in 2025 which proposal would ultimately determine the scope of trail work to be done in 2025.

Design Review

On behalf of Design Review, Steve Nusbaum advised the Board that construction activities were winding down for the season, with two major projects on Daybreak Ridge finishing up and the last two vacant lots in the Association under construction. In response to a question from Kristi Kennedy, Steve confirmed that construction flagging on Association roads falls under the Association's construction activity regulations but Public Safety would serve as the appropriate point of contact for any questions or issues concerning it.

Public Safety

On behalf of Public Safety, Lee Hoover notified the Board of an incident where a Village Connect driver overheard two passengers saying they were going to rob the bus. The driver notified the authorities and asked the passengers to leave the bus. The Sheriff's office responded but the individuals were not located. There followed a brief discussion of Village Transportation's processes and policies with respect to transferring people to and from the pump house both in and out of season.

Financials

Dana Miller presented the financials for the Association through August. The Association has \$2.9 million in its First Western Trust accounts, close to \$11.5 million invested in treasuries through First Western Trust, and about \$737,000 deposited with other banks. Year-to-date surplus through the end of August is a little over \$1 million though it is forecasted that this will drop down closer to \$800,000 at the end of the

September with less money coming in from civic assessments and real estate transfer fees and as expenses are paid. The Association's income statement shows revenue through August of \$6.3 million which is \$1.5 million favorable to budget, driven by civic assessment and transfer fee receipts. Transfer fees through August were \$2.9 million. Expenses are favorable to budget by \$288,000, with significant variations from budget in transportation (\$144,000 favorable to budget, largely as a result of budgeted but unused contract labor), bank fees, and depreciation. Through August, \$412,000 has been spent on improvements although that figure is expected to grow as receipts come in.

Dana then turned to the proposed Association budget for 2025. It projects revenues of \$5.6 million for 2025, showing an increase for both civic assessments and transfer fees from the 2024 budget but still representing a historically conservative projection. On the expense side, the budget reflects an increase in staffing costs as a result of merit increases and an assumption of full staffing for the year and projects an increase in landscaping and recreation/tennis (in part to accommodate and assistant tennis professional). While not reflected in the budget presented at the meeting, Dana intends to increase the utilities by \$20,000 to reflect a new, tiered pricing methodology revealed through recently received invoices. The Village Transportation budget again includes contract labor even though it was not used in 2024. The improvement fund is budgeted for a beginning balance of a little over \$14 million and improvement expenses for 2025 are shown at close to \$1.4 million, which includes landscaping, recreation facilities (\$200,000), trails (\$300,000), fire mitigation (\$100,000), lights for and resurfacing of the Little Bear parking lot (\$40,000), holiday light replacement (\$20,000), and cellular upgrades (\$250,000), all of which will reduce the reserve fund balance to \$12.3 million. The proposed Little Bear parking lot expenditure prompted discussion among the Board regarding expenditures outside the Association's footprint. In this respect, it was noted that the Little Bear lot is used for Bachelor Gulch Village employee parking (and no public/guest parking), the majority of which are Ritz-Carlton employees.

The improvements budget as presented did not formally include any expenses for bridge and tunnel repair and maintenance but was identified as a potential expenditure in the amount of \$150,000, subject to Board discussion and approval. In this regard, Lee Hoover and Mike Leeds discussed the fact that ownership of the 14 bridges and tunnels within the Association is a morass but, in order to ensure public safety and Association accessibility, the Association, Bachelor Gulch Metro District, and Vail Resorts worked together in 2024 to jointly fund necessary maintenance and repair, in the amount of \$250,000, with the Association contributing \$100,000, the Metro District contributing \$100,000, and Vail Resorts contributing \$50,000. Dave Berg then described the process by the parties developed a priorities list for bridge and tunnel maintenance and repair, the work that was done in 2024 per that priorities list, and the priority plan moving forward into 2025. In that regard, Dave noted that accomplishing all remaining tasks on the priority list in 2025 would cost approximately \$685,000 (based on 2024 numbers) and further provided various scaled down, lower cost options for 2025. A lengthy discussion then followed regarding the priority list, the nature of the necessary repairs and maintenance, aesthetic and safety concerns implicated by the repairs and maintenance, and material options (e.g., wood vs composite) for the repairs and maintenance. Ultimately, both Brian Kushner and Kristi Kennedy advised that they would support increasing the budget placeholder for bridge and tunnel maintenance and repair from \$150,000 to \$250,000, which sentiment was shared by the rest of the Board.

The improvements budget also does not include any funds for construction of a bike path or walkway along Prater Lane from the Beaver Creek Landing to the Bear Lot, again subject to Board discussion and approval. Dave Berg described the evident safety need for a path along Prater Lane as guests and employees currently walk along the road or on the snow piled next to the road. While recognizing the validity of the concern, both Kristi Kennedy and Brian Kushner expressed reservations about committing any funds to the project given the fact that it would take place outside the footprint of the Association, that the problem is largely not caused by members of the Association, that the project would not

necessarily benefit members of the Association, and that bridge and tunnel repair and maintenance represents a more pressing and direct concern to members of the Association. Ultimately, the Board decided not to include any funds in the 2025 budget for a Prater Lane path.

Based on these discussions, Dana Miller agreed to revise the budget as presented to firm up the 2024 forecast based on end-of-September financials, increase the utility line item by \$20,000, and add bridge and tunnel repairs to the improvements budget in the amount of \$250,000. Lee Hoover agreed to circulate the revised budget prepared by Dana to the Board for approval via DocuSign

Annual Meeting

The Board scheduled the Association's Annual Members Meeting for December 20, 2024, to take place at the Ritz-Carlton Bachelor Gulch with a virtual option. The Board further established a record date for determining membership in the Association entitled to vote at the Annual Members Meeting of November 15, 2024.

Transportation

Paul Gorbald briefly discussed the transportation agreement amendment for 2024/2025. The draft agreement, still subject to review by Vail Resorts legal counsel, contemplates a 3% increase in the hourly rate by which Vail Resorts would be compensated (after no increase the previous year) and a 1,000 hour increase in service hours for Village Connect, all of which results in a 6% year-over-year budget increase. Lee Hoover agreed to circulate the agreement for approval by the Board via DocuSign once approved by Vail Resorts.

On motion duly seconded and on the advice of counsel, the Board entered into executive session at 3:03 p.m. and exited executive session at 3:20 p.m.

There being no further business, the Board of Directors meeting was adjourned on duly seconded motion at 3:21 p.m.

Respectfully submitted,

Mike Heaphy
Secretary for the Meeting