

BACHELOR GULCH VILLAGE ASSOCIATION
Board of Directors Meeting
via Videoconference
October 24, 2023

A meeting of the Bachelor Gulch Village Association ("the Association") Board of Directors was held on October 24, 2023. In attendance via videoconference were Board members Bobby Murphy, Brian Kushner, Kristi Kennedy, Dan Ramker, and Paul Gorbald. Also in attendance were 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 Resort Operations; Dan Dickhart, General Manager of The Ritz-Carlton, Bachelor Gulch; Mike Leeds, President of Bachelor Gulch Metro District; Kailyn Haskovec with RRC Associates; Hugh Fairfield-Smith with Eagle Valley Wildland; and Carol Floyd, Secretary for the meeting.

Dan Ramker called the meeting to order at 3:01 p.m. Carol Floyd verified the presence of a quorum and that proper meeting notice was given.

Introduction of Bobby Murphy

Bobby Murphy introduced himself and gave a brief overview of his background. He spent the last six years as the General Manager in Stowe, Vermont. Prior to that, Bobby resided in Colorado for 26 years, including seven years as Sr. Director and VP of Skier Services and Ski School at Vail Mountain. He was hired by Vail Resorts at Keystone for the 08/09 and 09/10 seasons. He was with Telluride as Sr. Director of Ski School for seven years. Bobby started his career in Colorado at Crested Butte for ten years. He and his family are excited to be back in the Vail Valley.

Appointment of Officer – President

Dan Ramker moved to appoint Bobby Murphy as President of Bachelor Gulch Village Association. Brian Kushner seconded the motion and it was unanimously approved.

Approval of Board Meeting Minutes

Brian Kushner moved to approved the July 19, 2023 Board of Director Meeting Minutes as presented. Paul Gorbald seconded the motion and it was unanimously approved.

Public Input

There was no public input.

Homeowner Survey Results

Kailyn Haskovec explained the purpose of the homeowner survey was to gather feedback to be more informed about the homeowners in the community and to use this research to create future plans. Emails were sent to all households for which the Association had email addresses, with an opportunity to submit two surveys per household. For those without an email on file, a communication was sent via US Mail offering an option to complete the survey online. 315 surveys were collected. Kailyn shared survey results broken down by Timbers, non-Timbers, and the overall response. Non-Timbers respondents spend an average of 13 weeks per year in Bachelor Gulch. Satisfaction of all services was high. Most respondents rated the quality of cell service average or good. With regard to telecommunication improvements, more were supportive than not. 25% of non-Timbers and 10% of Timbers respondents play pickleball. 40% of those who play do so multiple times per week and 31% play at least once per week. 25% of respondents play tennis. 46% of non-Timbers and 40% of Timbers respondents play multiple times per week. There were high ratings of satisfaction with the tennis program. If pickleball courts were added, 46% overall said they would play at least once per week. 25% of respondents said fees would impact how much they play. Most people would be willing to take Village Connect to get to their court time. Skiing and snowboarding were the activity most frequently participated in, followed by hiking in the summer. Overall, satisfaction ratings were high for activities. The top needed improvements included fire mitigation, ski and snowboard trails, and the addition or improvement of snowmaking. In general, people are willing to pay fees for Village transportation, pickleball, public safety, and trash, with willingness lowest for tennis. Most residents do not live in Bachelor Gulch year-round, with 4% considering it their primary residence. Winter and summer months are busiest for visitation. 31% of non-Timbers residents have had a wildfire risk assessment. Regarding communication, the broadcast email is preferred and most effective. Discussion took place regarding the best approach for sharing the survey results. Kristi Kennedy

suggested and Bobby Murphy was in agreement with emailing notice of Board meetings to property owners a week in advance of each meeting.

Fire Mitigation Update

Hugh Fairfield-Smith thanked the Association Board, the Bachelor Gulch community, and Vail Resorts for an astounding year of treatment. Throughout the entire area, 480.6 acres were treated of which 162.4 were in Bachelor Gulch. All land adjacent to homes was treated with the primary focus of fire moving from the west. A robust buffer was created between the wildlands and the ski area. Eco system management and healthy restoration of forest was an emphasis in the aspen stand. \$220K has been spent in contractual labor. Two Bachelor Gulch Metro District employees dedicated all their time to fire mitigation projects. Eagle Valley Wildland has spent \$37K year to date in Bachelor Gulch ensuring the highest standards. 2024 will begin the maintenance cycle. 200 acres that directly impact Bachelor Gulch will be treated. Hugh asked for the Board's consideration of signing a letter of support to the Colorado State Forest Service for the Eagle Valley Wildland ("EVW") Fire Management Officer position and guarantee of a budget line item supporting fire mitigation for the next five years. Hugh proposed entering a partnership for 2024 similar to 2023 with the same amount of funding. He further proposed an additional \$100K in funding to dedicate one person's time to assess every home in Bachelor Gulch and provide a detailed report with maps every two years. This would help manage and maintain insurance coverage. The property owner would be responsible for adhering to the assessment outlining what actions need to be taken. A question was raised regarding how this would align with the Design Review Guidelines. Lisa Mayers advised, although property owners are expected to go through the DRB process for landscape modifications, there is a provision in the Colorado Common Interest Ownership Act ("CCIOA") that does permit a homeowner to make modifications if they have a professionally prepared mitigation report. DRB cannot deny approval of such modifications. Dana Miller noted the fire mitigation budget line item will be discussed in the financial update. The Board agreed to sign the letter of support.

Design Review

Steve Nusbaum informed the Board of one new DRB member and no current vacancies. Mike Leeds and Chris Burns intend to step down in the future and two replacements will be required. A suggestion was made to nominate a homeowner from the Daybreak Ridge side of the community. Steve said there is no immediate need to add an alternate member. Steve reported Lot 99, one of two remaining vacant lots, has been approved for a new residence. There are several remodel projects in progress. Kristi Kennedy asked about holiday lighting guidelines. Steve answered Bachelor Gulch limits the color of lights, number of trees on property that can be illuminated, and type of decorations and lighting that goes on houses. These guidelines can be found on the Design Review Administration website.

Public Safety

Koby Kenny referenced an incident on the Public Safety Activity report where suspicious activity was reported involving a truck parked outside a residence and someone peeking in and looking through trash. Later in the day, the property owner called to let Public Safety know it was relatives of the housekeeper looking for a piece of marble slate that was supposed to be left out for them. Koby stated Public Safety staffing levels are good. Two positions and one team lead will need to be filled. The team lead position will likely be filled from within. Koby agreed to follow-up with Kristi Kennedy on the status of transponders.

5th Amendment to the Transportation System Service Agreement

Paul Gorbould explained the Transportation Service Agreement and Exhibit B from 2018 are being updated for the fifth time. The hourly rate and hours of service for the 2023/2024 service year remain the same as last year for all three communities. He noted through the end of September of last year, Transportation came within 3% of budgeted service hours. Paul spoke about a recent conversation with Brian Kushner and Kristi Kennedy about applying different tactics during key times of day that could positively affect the guest experience. Discussion took place regarding the Association potentially investing more funding for additional service hours over the holidays and peak season. Paul responded that the determining factors are headcount and housing. Although the applicant pipeline is healthy, hiring is limited by the availability of housing. Paul noted SP Plus, the company contracted to operate the Bachelor Gulch employee shuttle last year, has increased their rate by 47%. It is not financially viable for their company to bring in employees short-term. Paul agreed to discuss this matter further with SP Plus to determine if there is a solution and report back to the Board.

Brian Kushner moved to approve the 5th Amendment to the Transportation System Service Agreement. Dan Ramker seconded the motion and it was unanimously approved.

Financial Update

Dana Miller reviewed the fiscal year-end financials as of September 30, 2023. The financial audit is scheduled to begin the second week of November and is expected to be complete by early January. The Association has \$15M in assets of which \$6.2M is in First Western Trust ("FWT") checking, operating, and reserve accounts. Given the high dollar amount, the accounts are receiving a preferred interest rate of a little over 2%. Dana noted these are sweep accounts that maintain FDIC coverage. \$8M is invested in laddered treasuries with FWT. They are set to mature every six months from February 2024 through February 2027. Approximately \$250K is invested with three other financial institutions to diversify funds. Total investments are just under \$14M after Design Review refundable deposits are deducted. Other assets are vehicles owned by the Association and depreciated. Liabilities are payables due to Vail Resort and paid the following month, primarily for Transportation and payroll. In operating equity, \$1M is maintained in the operating account plus the current surplus of almost \$1.6M. Reserve equity of \$12.8M was brought into this year and reduced by \$964K, leaving \$11.9M. Discussion took place regarding investing \$2M from the reserve money market account into treasuries.

Brian Kushner moved to transfer \$2M from the reserve money market account into laddered treasuries. Dan Ramker seconded the motion and it was unanimously approved.

Dana reviewed the Income Statement. Total revenue of just under \$7M is favorable to budget by \$2.4M. This is driven by the civic assessment and real estate transfer assessment ("RETA"). \$3.6M in civic assessments is \$1.2M favorable to budget and \$3.2M in RETA is \$1.1M favorable to budget. In 2023, there have been 56 real estate sales, four of which were over \$10M. Transportation is favorable to budget by \$123K. Public Safety is \$68K favorable to budget because of savings from being understaffed with open positions. There were savings in depreciation because of a delay in purchasing some of the buses. Landscaping is \$6K over budget due to pond maintenance at Settler's Lodge. Utilities are \$14K unfavorable to budget because of an increase in water cost. An estimated \$20K of the \$25K in income tax is tax on the Association's return on investments. Spending of \$1.1M on improvements in 2023 included a contribution to Bachelor Gulch Metro District to pay down debt, \$100K for wildfire mitigation, and \$10K in Board directed capital for the homeowner survey. Some expenditures that did not occur in 2023 and will be moved to the 2024 budget include trail signage and a security vehicle.

2024 Proposed Budget

Dana Miller presented the 2024 proposed budget. \$5M budgeted for revenue takes a conservative approach with \$2.5 in RETA and \$2.6 in civic assessments. Interest shown is for the Money Market account. Dana noted interest on treasury investments will be reflected in the reserve budget. Public Safety includes wage increases and the assumption it will be a fully staffed department. Landscaping shows a 5% increase over current contracts and a 12% increase for materials. The significant increase for tennis includes a higher rate for the new court resurfacing vendor, an increase for the tennis pro, and \$25K for a potential contribution to subsidize pickleball privileges in another community for homeowners. With a proposed rate increase from Eagle River Water and Sanitation, based on higher rated tiers primarily for irrigation, Dana recommended increasing the \$81K line item by \$15K. \$627K plus \$15K for utilities would be withdrawn from the reserve. Improvements include \$20K for gatehouse landscaping, \$20K for bus shelter staining and improvements, \$95K for the tennis center, \$300K for summer trails, and \$50K for bridges and tunnels. Purchase of a security vehicle, completion of gatehouse cameras, and purchase of a laptop for Public Safety was moved to 2024. Additional projects that are budgeted yearly or every other year include trail signage, landscape upgrade, \$16K for holiday light replacement, and \$200K in Board directed capital. The Board agreed to utilize Board directed capital for the additional \$100K contribution for wildfire mitigation. The Board's preference was to postpone approval of the budget until an amount for contracted labor to support transportation is determined. The budget will be sent to the Board for review and approval via DocuSign.

Other Business

Annual Meeting Date and Record Date:

Brian Kushner moved to set a record date of November 15, 2023 and an Annual Meeting date of December 29, 2023, 4:00 – 5:30.

There being no further business, Brian Kushner moved to adjourn the meeting. Bobby Murphy seconded the motion and the meeting was adjourned at 4:49 p.m.

Respectfully submitted,
Carol Floyd, Secretary for the Meeting