

Beaver Creek Lodge

Condominium Association, Inc

Annual Meeting 2022

**Date:** April 2nd, 2022

**Location**: Juniper Room, Beaver Creek Lodge

**Time:** 1:00 PM MST

Minutes

Introduction, Roll Call, and Proxy Review

The Annual Meeting of the Beaver Creek Lodge Condominium Association, Inc (“BCLCA”) was called to order on April 2nd, 2022 at 1:00 PM (MST). The Annual Meeting was held in the Juniper Room, Beaver Creek Lodge as well as telephonically for those who could not attend. Mark Kessler, Present of the Association, presided over the meeting. Jim Wear, of law firm Wear Travers and Perkins LLC, served as BCLCA legal counsel.

Attending via phone:

Gerrard & Mary Anne Chrabascza Owner, Unit 305

Anne Gibson Hagger Owner, Unit 110

Tracy Huang Owner, Unit 106

Paul Jardis Owner, Unit 213-A & 218

Dan Kessler Owner, Unit 109

Leslie Goldberg Owner, Unit 509

David Rivard Owner, Unit 211

Attending in person:

Mark Kessler, President Owner, Various Hotel Units

Fravy Collazo Chief Financial Officer, EHOC

Paul Jeppson Beaver Creek Lodge GM

Steve Broadbent, Hotel Unit Director Owner, Unit 301

Liz Jones, Commercial Unit Director BCRC, Unit 118

James Powers Owner, Unit 208

Manny Rose Owner, Unit 422

Proof of Meeting Notice ad Confirmation of Quorum

Mark Kessler, on behalf of the BCLCA, welcomed the member of the Association. He was elated, even though attendance were slim this year, it was great to be able to host this year meeting in person. Jim Wear was called on, to report on the adequacy of notice given to the members that the necessary quorum was present.

Approval of the 2021 Annual Meeting Minutes

Mr. Wear provided the members time to review the 2021 Annual Meeting Minutes, Mark Kessler inquired if all members had received a copy of the meeting. Confirmation that all members had received a copy of the minutes, Mr. Kessler allowed for any comments to be made. With no comments made by the members, Mr. Kessler motions to approve the minutes and the motion was seconded by Liz Jones. Mr. Kessler calls for an affirmative or negative respond from the members, and with none opposed, the motion is carried and the 2021 Annual Meeting Minutes are approved unanimously.

Lodge Operations for 2022 and Plans for 2023 Presentation

Mr. Kessler introduce Paul Jeppson, General Manager for the Beaver Creek Lodge, who first wanted to, introduce the new management team at the Lodge. With each member of the management team formally introducing themselves, Paul, then reviewed the Lodge operations in 2022 and plans for 2023.

Staff changes- Liz Lyon-Director of Rooms. Jacqueline Deveric- Director of Finance. Kathy Roseberry-Duffy Director of Human Resources. Lubus Bucko-F&B Director. Jody VanArsdale -Director of Sales. Lavern Reid HOA Liaison and Administrative Assistant.

The ski season started out with reservations, despite several COVID breakouts. With CPI going up, it tremendously impacts the budgets. Utility cost has skyrocketed over the course of the year. With, gas saw a 48% increase, with water and electricity increasing by 15%. This past year we have also seen a hike in utilities, gas went up over 48%, and water and electricity went up 15% each.

All three elevators have been replaced as part of the new enhancements, which will be covered in the special assessment fee. The outside of the building and railings were painted. The heatfist (PH) repairs on the outside of the building were also completed along with the installation of new copper gutters on the front by Christie Sports and on the front of the building.

There have also been changes to the previous landscaping companies, it will be more expensive, however, they will be able to get the job done more efficiently. The new landscaping company is Cirrus.

Renovation has been done to the fitness center. We have new treadmills, elliptical, peloton,and new weights systems.

Election of Board of Directors

Jim Wear explained the Association Bylaw’s process to the elected memofrs to the board of directors.

The board seat for two hotel units’ owners is up for election this year. These seats are currently held by Mark Kessler and Steven Broadbent, who have each decided to run for another term. Lines were opened for additional nominees. With no other nominees, Jim Wear, entertains a motion that the nominees each be approved as hotel unit owners for the Board of Directors of the association by acclamation for a three-year term ending at the annual meeting held in 2025. David Rivard moved to re-elect Mark Kessler and Steve Broadbent, seconded by Liz Jones.

Operating Fund and Reserve Fund Budgets

Mark Kessler opened the Budget discussion assuring the distribution of the 2022 Association by email earlier this week, and a revised assessment detail as well, which include the operating fund budget and reserve fund budget. Mr. Kessler noted that the operating fund budgets and the reserve fund budget collectively will be referred to as the budgets, going forward. He then turned the discussion over to Fravy Collazo, the Chief Financial Officer for Enterprise Hotels of Colorado (EHOC).

The 2022 budgets were created based on the provisions of the BCL, amended and restated declaration of covenants, conditions, and restrictions. The declarations provide for how these assessments are determined by owner class. Assessments are broken down by electric gas operating and reserves. Electric and gas assessments are assessed to those owner classes with which the use of these utilities is based on the projected utility expenses. All common areas’ utility cost was also incorporated into the operating assessment. As previously noted by Paul, the operating assessments for commercial and residential owners are based on Boulder Aurora CPI index, which for the current year was increased by 6.7%

This year’s budgeted operating expenses were based primarily on the actual expenses incurred in 2021, adjustments were made for COVID recovery, inflation, wage increases, as well as non-routine expenses. The 2022 Operational Fund Budget is approximately $1.1 million.

Earlier this year, the Board approved an annual reserve assessment in the amount of $346,000.00, which was based primarily on the reserve study. As discussed in the past, we assessed the reserves on a general assessment basis. It was determined by the board that the annual reserve expenditures in the prior year for limited common elements would be credited back to those commercial owners and assessed to the residential and hotel owners the following year. Based on the 2021 actuals, the association spent approximately $37,000.00 on limited common elements, and as such the 2022 budget and related assessment includes a credit of the such amount to the commercial owners along with a correlated assessment to the residential and hotel owners. This practice will continue going forward for these types of expenditures for limited common elements. The Board also approved budgeted reserve expenditures of $346,000.00 for 2022. The 2022 reserve assessments were allocated to the members per the declaration.

The Association approved and entered into a $2.5 million loan with Midfirst Bank to complete certain capital projects. The amended loan included a 24-month drop period with ended in June 2021 to complete these projects, with loan payments ad related special assessments commencing in July. As such, the 2022 budget included approximately &404,000.00 in special assessments to make these loan payments.

Earlier this year, the board was presented with the estimated sources and uses of the loan. The loan proceeds were set aside and budgeted to complete the 2022 projects. Based on the current estimate to complete the signage project, the overall sources and uses of the loan are projected to be under budget by approximately $300,000.00, primarily from savings on the elevator project. Based on the recommendation by the management company, the board has approved the loan to be fully drawn upon in July. These savings were deposited into an HOA reserve account for future use.

Liz Jones reminded everyone that there is an option to prepay the loan to avoid the interest to specialist assessment, which is locked in at 3.9%, with approximately six and a half years remaining on the loan.

Mr. Kessler sought a motion to approve the 2022 budget. Liz Jones motioned to approve the 2022 Budget, second by Mr. Steve Broadbent. The Association voted to approve the motion.

Mr. Broadbent motioned to approve the segregation for the special reserve assessment fund and Mr. Rivard second. The Association voted to approve the motion.

Review of Old Business and New Business

Ms. Jones provides an update on the resort operations. We have enjoyed a great comeback out of COVID and there has been a pent-up demand for travel. Occupancy is very high for all the lodging in Beaver Creek. Even with the slow start to the ski season, it has been great on so far. Staffing has been challenging, but Vail Resorts had made strides in reinvesting in employees. There is a great lineup of events for this summer. Blues, Brews, and BBQ to start Memorial weekend and the anticipated 4th of July wine and spirit will be back, as well as Oktoberfest and other typical races.

Vail Resorts recently announced an increase in wages for all employees, starting this fall. They will be investing more in improving the HR function of the company.

Paul Jeppson provide an update on a few capital items that are scheduled for this year. Starting with the pool railings that were recently painted, will have to be replaced because it has rotted out, this is scheduled for the end of April. CO detection in the garage, which has not been functional for quite some time, is now fully functional. New furniture for the pool area, changes to the lobby interior, main gallery level, and the second-floor ski area will be replaced. Owners’ garage door is also been replaced with a composite door, that will be better accessible.

Mr. Rivard commented on the recent computer failure and if it had been determined or could be determined if there were any data leaks involving owners or guests. Mr. Kessler confirm that there has been no personal or any type of leaked information. There was never a data leak, we had, it was a ransomware incident-cyber incident. There were sufficient backups in place, and data were recovered without having to acquiesce with the attackers.

Mr. Kessler commented on the operations of the restaurant. Mr. Jeppson provided an analysis of the last three quarters. Moving in a positive direction, from a numeric standpoint, 2022 was $270,000.00, in 2021 $502,000.00, and this year $624,000.00.

Mr. Jeppson then moves on to talk about the PR firm, Zimmerman. Having won a prize on Let’s Make a Deal, there were three live broadcasts given to the Beaver Creek Lodge, one was done last summer, and another one coming up in June. We also work with quite a few influencers.

Mr. Rose’s question on special assessments is what can be done to have the fee built into the HOA, to eliminate the special assessment. Mr. Kessler explained that’s not how the HOA works. Going back seven, or eight years, the HOA would only assess what was going to be spent for the current year. Going back a few years ago, it was decided to do a reserve study and start making assessments based on the reserve study, and trying to build up a reserve fund bucket so that as time goes on, and the need arises for bigger projects, there will be money available. The special assessment for last year was done, based on the fact that a new elevator project was to be done. There have been two reserve studies done in the last six years. The first one, wasn’t accurate, resulting in a second one being done.

Mr. Rose also commented on insurance. He wanted to know if insurance is been doubled here as in other states. Mr. Jeppson explained that the insurance policies were just renewed in March. Even though there had been a significant increase, it had not doubled. Due to, our managing and owning several properties, we were able to leverage all of these into one master policy that allows us to get better rates.

Adjournment

Mark thanked all the owners for participating in the Annual Meeting and the meeting was adjourned subject.