

BEAVER CREEK LODGE

Beaver Creek Lodge
Condominium Association, Inc
Annual Meeting 2022

Date: April 2nd, 2022

Location: Juniper Room, Beaver Creek Lodge

Time: 1:00 PM MDT

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 (MDT). The Annual Meeting was held in the Juniper Room, Beaver Creek Lodge as well as telephonically for those who could not attend. Mark Kessler, President of the Association, presided over the meeting. Board Members, Steve Broadbent, Hotel Director, Elizabeth Jones, Commercial Director were attending in person. David Rivard Hotel Director attended via phone. Fravy Collazo, CFO Kessler Collection and Paul Jeppson, GM Beaver Creek Lodge attend in person as well as Jim Wear, of law firm Wear Travers and Perkins LLC who serves 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, Kessler Hotel Units
Fravy Collazo	Chief Financial Officer, EHOC
Paul Jeppson	Beaver Creek Lodge, GM

Steve Broadbent, Hotel Unit Director
Liz Jones, Commercial Unit Director
James Powers
Manny Rose

Owner, Unit 301
BCRC, Unit 118
Owner, Unit 208
Owner, Unit 411

Proof of Meeting Notice ad Confirmation of Quorum

Mark Kessler, on behalf of the BCLCA, welcomed the member of the Association. He was elated, we were 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 2021 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 motioned 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.

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

The ski season started out with robust reservations and continued throughout the winter season despite several COVID breakouts.

Expenses have really escalated with CPI going up. It has had tremendous impacts the budgets. Utility cost has skyrocketed over the course of the year. With, gas seeing a 48% increase, water and electric increasing by 15%.

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 railings were painted. The remaining stucco repairs on the outside of the building were also completed, along with installment of new copper gutters on the front by Christie Sports and on the front of the building by the covered bridge.

The new landscaping company is Ceres. I had to fire the previous Landscaping company as they were allowing all the flowers to die. It will be more expensive; however, they have been able to improve the flowers and install a new water efficient sprinkler system.

The renovation of the fitness center is complete. We have a new treadmill, elliptical, peloton and new weights systems. We are getting good feedback from the guests on the new fitness center.

Election of Board of Directors

Jim Wear explained the Association Bylaw's process to the elect members to the board of directors.

The board seats for two Hotel Unit owners are 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, asked for a motion that the nominees each be approved as a Hotel Unit member for the Board of Directors of the association. David Rivard moved to re-elect Mark Kessler and Steve Broadbent, seconded by Liz Jones. The vote was approved 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 included the operating fund budget and reserve fund budget.

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 Beaver Creek Lodge Condominium Association in the amended and restated Declarations. The Declarations provide for how these assessments are determined by owner class. Assessments are broken down by Electric, Gas, Operating, Reserves and Special Assessments. Electric and gas assessments are assessed to those owner classes with which use of these utilities based on the projected utility expenses. All common area utility costs were 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 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 \$346,000.00, which was based primarily on the reserve study. As discussed in the past, we assessed the reserves on the 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 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 draw period which ended in June 2021. With the major projects completed, the loan payments related special assessments commenced starting in July of 2021. As such, the 2022 budget included

approximately \$404,000 in special assessments to make these loan payments and billed in 4 quarterly assessments.

Based on the current estimate to complete the signage project, the overall capital from the loan that is available and uses of the loan on the approved projects we estimate we will be underbudget by approximately \$300,000.00. This is primarily from savings on the elevator project. Based on recommendation by the management company, the board has approved the loan to be fully drawn. These saving were deposited into an HOA reserve account for future uses.

Liz Jones reminded everyone that there is an option to prepay the loan to avoid the interest to special assessment, with interest rate at 3.9%. There is approximately six years remaining on the loan.

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

Mr. Kessler sought a motion to approve the segregation of funds for the special reserve assessment fund. Steve Broadbent motioned to approve the segregation for the special reserve assessment fund and David Rivard seconded. The Association voted to approved the motion. Motion carried.

Review of Old Business and New Business

Liz Jones provide and update from the Beaver Creek Resort Company. We have enjoyed a great comeback out of COVID and there has been a pent-up demand in traveling. Occupancy is very high for all the lodging in Beaver Creek. Even with the slow start to the ski season, it has been a great year so far. Staffing has been challenging, but Vail Resorts had made strides in reinvesting into employees. There is a great lineup of events for this summer. Blues, Brews and BBQ to start off 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 employee, starting this fall. They will be investing more into improving the HR function of the company which will be good for everyone in the Valley.

Paul Jeppson provide an update on a few capital items that are scheduled for this year. Starting with the pool railings. This will actually have to be replaced, because it has rotted out on the bottom. This is scheduled for end of April. CO detection equipment and sensors in both garages have been installed and are 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 this year. Owners' garage door is also been replaced with a composite door, that will be better accessible.

Mr. Rivard commented on the recent computer failure, if it had been determined or could determined if there were any data leaks involving owners or guests. Mr. Kessler provide confirmation, 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 from the last three quarters. Moving in a positive direction, from a numeric standpoint, 2019 showed \$270,000 in Revenue. In 2020 \$502,000 and this year it produced \$624,000.

Mr. Rose asked a question on special assessments and what can be done to have the fee built into the HOA, to eliminate the special assessments? Mr. Kessler explained that's not how the HOA historically worked. Going back seven, eight years, the HOA would only assess for what was going to be spend 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 arise for bigger projects, there will be money available. The special assessment for last year was done, based on the fact that the elevators and boilers needed to be replaced and the cost for these projects exceeded any reserves that the Association had. There have been two reserve studies done in the last six years. The first one, wasn't accurate, resulting in a second one been done.

Mr. Rose also commented on insurance. He wanted to know if insurance is been double 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 Kessler Collection

managing and owning a dozen properties, we were able to leverage all of these into one master policy that allows us to get better rates.

David Rivard stated that I just wanted to take a moment to praise Paul Jeppson, because not only do I think he's done a really good job and has stepped up in a number of ways and seen some things in the property that our eyes that have been used to looking at had not seen. But as I talked to this particular GM, he went on about something I've suspected for a long time. And that running a facility like this with multiple owners and multiple uses is one of the most difficult jobs in the hotel business. Balancing everyone's needs, egos, feelings. And Paul, you're doing a great job. And I just wanted that said for the record.

Adjournment

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