

BEAVER CREEK LODGE

Beaver Creek Lodge
Condominium Association, Inc
Annual Meeting Minutes 2023

Introduction, Roll Call, and Proxy Review

On April 1, 2023, at 3 PM (MST), the Beaver Creek Lodge Condominium Association, Inc. ("BCLCA") called the Annual Meeting to order. The Annual Meeting was held both physically and online at the Juniper Room of the Beaver Creek Lodge. The meeting was presided over by the Association's president, Mark Kessler.

Attendees

Mark Kessler - President, Hotel Board Member
Steve Broadbent - Vice President, Hotel Board Member
Chrisy Redieh – Residential Member
Jim Clancy - Commercial Board Member
Dave Rivard - Hotel Board Member
Griff Jones - Residential Board Member
Paul Jardis – Commercial Member
Paul Jeppson - General Manager
Fravy Collazo - CFO, Kessler Collection
John Lockett - COO, Kessler Collection
Jacky Baker - Hotel Member
Jim Wear - Association Legal Counsel

Proof of Meeting Notice and Confirmation of Quorum

Paul Jeppson reported that everyone who is a member of the association has received the packet with the notice of the meeting on April 1st. The number of members present was 49 in

total, which is above the quorum requirement of 40% since they were present in person, by proxy, or over the phone.

Approval of the 2022 Annual Meeting Minutes

The minutes from the last meeting, which took place on April 2, 2022, were read, discussed, and approved with minor corrections as an accurate record.

Lodge Operations for 2022 and plans for 2023 Presentation.

The association's state was reported on by Paul Jeppson, who noted that the Covid-19 pandemic had both positive and negative effects. One of the negative effects was the shortage of staff housing. People learned they could work from Beaver Creek rather than the city. The moved into Eagle County and absorbed almost 20% of the previous rental inventory. We made the decision to rent an additional two bedroom unit with the existing three bedroom unit which we already have to house staff.

There was also an increase in wages, which culminated in Vail Resort increasing its own minimum wage from \$15 to \$20. Once Vail Resorts, the largest local employer moved to \$20 we needed to follow suit and move our wages to \$20 or more just to remain competitive.

He mentioned that an approximate \$230,000 was spent for the property enhancement. Some actions taken include:

- The 30-year-old cracked drain interceptor was refurbished.
- The 3 Check Valves on the boiler were replaced.
- The external fencing around the swimming pool, and exit gates were replaced with aluminum fencing.
- Continued replacement of our 35-year-old cast iron waste lines that are cracking.

- The entry ADA doors were finished.
- Pool Boiler refurbishment
- Replacement of CO detection equipment in both Garages
- New pool furniture and umbrellas.
- Replace roof tile and install new gutter system along the covered bridge side of our building.

Due to the Russian-Ukrainian war, utility costs have increased dramatically over the past year. This has put significant pressure on the global market, when the gas is switched off to Europe they started buying the LNG from the US and other countries. This increased the local costs between 50% – 100%.

The second cost that went up was water, which was brought on by the water company's need to expand its facility. This was required to comply with federal discharge restrictions into the Eagle River. This has both favorable and unfavorable results. The fact that it keeps the environment clean is a plus, but the new facility cost \$63 million and there is a bond to fund it. As a result, our water rates have increased dramatically.

Election of Board of Directors

After outlining the Association Bylaws procedure to the members, Jim Wear let the members know that Griff Jones Unit 420, the current Residential Director is not running again. We would like to thank him for his service to the Association. Chrisy Rediehs Unit 506 has agreed to run for the position of residential unit director. The majority of the members approved the motion to nominate Chrissy Rediehs as the Residential Unit Director for a three-year term, ending at the annual meeting held in 2026.

After collecting the ballots and noting that Chrisy Rediehs was running unopposed. A motion was made and carried to elect Chrisy Rediehs to the Residential Board seat by acclamation.

Operating Fund and Reserve Fund Budgets

The report on the 2023 budget, developed in accordance with the terms of the Beaver Creek Lodge modified and restated declaration of covenants, limitations, and restrictions, was given by Mr. Fravy Collazo. The declarations specify how assessments are computed according to owner class. Electric, Gas, Operational, and Reserve assessments were separated. Based on anticipated utility costs, assessments for electricity and gas are given to the owner classes that utilize those services.

The operating assessment included the total cost of all shared area utilities. The Denver Aurora Lakewood CPI Index, which increased by 7.6% for the current year, served as the basis for operating assessments for Commercial, Residential and Hotel owners.

The operational expense budget for the current year was up to date; it was mostly based on the actual costs incurred in 2022, which were then adjusted for the impact of inflation and unusual costs. Budgeted operational costs for 2023 totaled roughly \$1.3 million. In regard to the reserves, the board earlier this year approved a yearly reserve assessment through 2023 in the range of \$355,000, which was based on a reserve analysis and feedback from the property management. We evaluate reserves on a general assessment basis, as was previously established. The board decided that any actional reserve costs incurred for the pool and fitness area in the previous year would be paid back to those commercial owners, who do not have access to it. The cost to Residential and Hotel owners is absorbed in the following year.

The association spent about \$25,000 in the pool and fitness common areas, based on actual costs incurred in 2022. As a result, a credit for that amount was given to commercial owners in the 2023 budget and related assessment detail, along with a corresponding assessment to residential and hotel owners.

A \$355,000 reserve assessment for 2023 was approved by the board. The Special Assessment which includes the Elevator and Boiler projects were completed in 2021. The Association as you recall, entered into a \$2.5 million credit agreement with MidFirst Bank to be able to fund

those projects. As a result, a \$404,000 yearly special assessment is included in the budget for 2023 to cover the loan payments. We are in year 2 of the loan and repayments will go on for 5 more years.

There were no issues raised after the budget report was finished, so a motion to ratify and approve the budget as given by the association was made and approved by a majority of the members.

The members also agreed to a second motion that all reserve assessments for capital replacements be divided into separate bank accounts and allocated to capital components in accordance with tax legislation.

Review of Old Business and New Business

Mr. Jim Clancy started off by stating that for the summer there will be some significant upgrades to the lighting around the entire community. They are also partnering with a California based lighting consultant to help bring better lighting around Beaver Creek. They are offering to pay the design fees for any individual building in the village core, to sort of see what that might look like. So, they are going to be purchasing, going into the summer, about 1,500 new light fixtures to go throughout the resort. Beaver Creek Metro District will be doing the same on a lot of the roadways. This will be the first stage of a four-year project.

They are going to finish that up this fall and that's going to make for a really great place for families to hang and interact with the creek, which is going to be a really fun space. They are also looking at significant upgrades to the Creekside Park, which is just down the creek from the Beaver Creek Lodge. They are going to be installing a world-class playground down there this year hopefully. They have just started designs on and will likely start the second phase next summer, where they'll create some multi-use spaces down there.

One of the retail spaces in the village will also be converted into a place that will be called a teen space for those with kids and grandkids. Beaver Creek Generation is moving into the space right next door to them. So, in the old Beaver Creek Generation space, Schuss will be

moving in there, with their high-end ski wear offerings. And Karin's, which has been a staple in the community for many years, is going to remain a very similar store, but Karin is retiring. And one of her employees, who has been her long-time manager, is going to take over. And she is going to rebrand it Panache.

Everything is set for Memorial Day weekend, Octoberfest on Labor Day weekend, and then they are going to be starting a new music series every Thursday night called Beaver Creek Unplugged.

The annual summer wine and spirits event will be held in September.

Lastly, he mentioned that over the last few years the Beaver Creek Resort Company has partnered with the Beaver Creek Metro District and the local fire district to engage in a great deal of fire mitigation work around the community. The Bachelor Gulch community and Arrowhead community have been doing the same.

And the result of that was, this summer, they were granted the accreditation of being deemed a Fire-Wise Community. So, they are continuing it this year. Last year, they invested, with the metro district, over \$850,000 in this effort. This year, have \$900,000 earmarked.

Paul was then asked to provide an update on the lodge. In his update he stated that they have been seeing some traction on the restaurant. The dinner is doing well, they are about 15 to 18% above the previous year. Lunch has fallen off from last year, but it's really directly related to the previous year. Vail Resorts did not have half their restaurant fleet open. So, this year, they're fully opened up on the mountain and that's taking a lot of the traffic.

This summer, we are going to participate in the summer events that the resort company puts on -- Blues, Brews, and BBQ and the Beaver Creek Culinary Festival.

Adjournment

A motion was made and unanimously approved to adjourn the meeting.