

DRAFT

GL7OA Board of Directors Meeting Saturday, 4/10/21

Attendance

Board: Roger Lemmon, Nick Doran, Linda Cole, Mike Hedensten, Blake Davis

Advisory Committee: Bill Regehr, Jamie Keiffer, Steve Gunther, Todd Allard

Management Company: Joanni Linton, Nick Borovich, Kimberly Tramontana, Peggy Helfrich, Joe Clark- Fulcher, Mary Kay Perrotti, Stephanie Harding

1. Call to Order

By: Linda

Time: 9:04am

2. Changes to Agenda – Linda

Insurance Update - First item under New Business / Updates

3. Approval of 10-20-20 Meeting Minutes – Linda (pages 1-13) *Requires Board Action*

Motion: To approve the October 20, 2020 meeting minutes.

Made by: Mike Hedensten

Seconded by: Roger Lemmon

Discussion:

In favor: ALL

Opposed: NONE

4. Financials

Review and Accept Unaudited February 2021 Financials

- Overall, the Operating Budget is experiencing a favorable variance of \$192,743 YTD.
- Operating Revenue shows a favorable variance of \$34,752 YTD.
- Operating Expense shows a favorable variance of \$157,991 YTD.

Motion: To accept the GL7OA February 2021 Unaudited Financials

MADE BY: MIKE HEDENSTEN

SECONDED BY: NICK DORAN

DISCUSSION:
IN FAVOR: ALL
OPPOSED: NONE

Approve the FY2020 Audited Financials

MOTION: TO APPROVE THE GL70A FY2020 AUDITED FINANCIALS.

MADE BY: MIKE HEDENSTEN
SECONDED BY: ROGER LEMMON
DISCUSSION:
IN FAVOR: ALL
OPPOSED: NONE

Accounts Receivable Performance Update

Discussion:

- *People are very comfortable coming to the property and that is a tribute to keeping the property safe and in great condition!*
- *Recognition of the AR team and how they implemented new FAQ email blast ahead of payment due dates.*

5. General Manager Report

BGV Shines, Health and Safety

Health and safety continue to be a primary focus on property. Grand Lodge on Peak 7 continues to amend our practices as the status of the pandemic continues to fluctuate. Below are our recent updates:

- UV lights have been permanently mounted in all four theaters and spa treatment rooms. This implementation improves efficiencies while providing UV sanitation in these high touch amenities.
- We have safely increased the number of people able to enjoy the property as Summit County continues to move into less restrictive levels on the Colorado COVID Dial. These amenities include the pools, hot tubs, Fitness Center, and the Family Fun Center.
- A second phase of needlepoint bipolar ionization was installed at the resort. High traffic areas that received this additional technology include the ski locker room, grotto, Family Fun Center, and housekeeping bunker.
- We have received and maintained a county-approved 5Star Certification for the fitness center, pools, hot tubs, grotto, Family Fun Center, Activities Center and Soothe Spa. This certification was awarded for following all standard protocols as well as implementing additional strategies to help minimize the spread of COVID-19. The 5-Star Certification allows these amenities to operate at the next less restricted level on the Colorado COVID Dial.

- Day Use owners are now able to reserve parking and then request amenity access. We have a limited number of “parking with amenities” spots available. This allows us to increase the number of day use parking spaces to better accommodate owners who only want to park and ski as well as to say ‘yes’ to those owners who want to enjoy the resort’s amenities.

Revenue

Many revenue streams were created, and some fees increased in 2020 to help offset the rising cost of operations. All additional revenue will benefit the GL70A.

- Bonus Time nightly rates
- Administration fees for points stays increased from \$75/stay to \$100/stay.
- Exchange fee, now named the Vacation Experience Fee, increased from \$10 to \$15/night per unit key.
- Resort Fee increased from 7.5% to 10%
- Lost and Found Shipping increased from \$20 to \$25. Additional fees apply for oversized packages.
- Package storage fee is now \$5/night per package. Additional charges apply for oversized packages.
- Rollaways are \$10/stay.
- Robe charge is \$80 for missing or unreturned robes.
- A late check-out at noon is \$50.

Property Updates

During 2020, many property improvement projects were postponed due to the pandemic. We did execute the following projects that were either low cost or a safety need:

- Soothe Spa lobby lights have been upgraded to LEDs. This upgrade will decrease our energy consumption and reduce energy costs.
- The ground floor hallway in the South Building has shelves which display our Interval International plaques. This addition enhances the look and feel of this hallway and creates a more welcoming entrance to the resort.
- Year-round owner lockers have been installed in the ski locker room and connector hallway. This install was done at the developer’s expense. The HOA will receive an additional \$250/locker per year in additional income.
- The zero entry children’s pool was resurfaced to improve the safety and appearance of this amenity.

Sevens

Sevens has continued to impress since their re-opening in early November. Here are few highlights:

- Sevens restaurant also received its 5-Star Certification for its health and safety protocols.

- The Sevens patio has string lights and fireplaces for extra warmth and enhanced ambiance. The restaurant is decorated with greenery, living plants and candle center pieces.
- The menu continues to evolve, maintaining favorites plus adding more seasonal dishes.
- The owner special is back! Two different sandwich options plus a beer is only \$15.

Looking Ahead

There are many exciting property improvement projects being executed in 2021. All the projects listed below are planned and funded through the reserves:

- Two additional electrical vehicle charging stations will be installed, adding 4 EV spots to Grand Lodge on Peak 7. (I was confused here.. are there now 4 spots total?)
- All six elevator cabins will be refurbished with new lighting, flooring, and wall paneling.
- The following South Building finishes will be replaced:
 - Coffee tables and end tables
 - Window blinds will be upgraded to roller shades
 - Living room lamps
- Pool area concrete will be resurfaced, including caulking, stain and reseal.
- Common area flooring replacements include:
 - Ski Locker Room
 - Ground floor of the South Building
 - Sevens stairwell
 - Fitness Center
- The grotto will be remodeled with new finishes. This includes updates to the steam room and sauna.
- Painting and siding replacement on the North and South Building, weather permitting.
- South Building ground floor elevator lobby will be remodeled, making this grand entrance more welcoming.
- Theaters 1 and 2 will be upgraded to 4K viewing and technology.
- North Building BBQ grills will be replaced.
- Owner and guest Wi-Fi connectivity will be upgraded.

Discussion:

- *People are more concerned about being safe & having clean surroundings than with the need to defer some property updates beyond 2020.*
- *Great, creative solutions were implemented to manage the property and ensure everyone's safety.*

6. New Business / Updates

Insurance Update

- BGV is working with IMA to research insurance agencies to keep the combined policy at the adequate insured amounts.
- BGV is considering other options that include high deductibles.

- BGV is also reaching out to other consultants.
- Recommendations will be included in the proposed FY2022 GL7OA budget.

Discussion:

- *Please let BGV know if you have any ideas on insurance policies or different options.*
- *Hoping to have a better idea where insurance will be in the future by the fall meeting.*
- *Only a couple of insurance companies will issue policies.*
- *Is self-insuring out of the question or too much of a risk?*
 - *To fully self-insure we would need to build up reserves to be able to replace the entire property*
 - *IMA is researching the possibility of building up reserves for the big 3 resorts and possibly increasing our deductible to something like \$5-\$10 million to self-insure for the minor losses*
 - *The first \$10 million covered by Travelers is half of the premium.*
- *FY2022 BGV will come with a recommendation for insurance*

Acknowledge the Insurance Variance e-vote for the purpose of recording in the 4-10-21 Minutes

On 1/27/21, the following Insurance variance email vote was conducted by the GL7OA Board:

As you are aware, IMA and BGV have been working to procure sufficient property insurance to meet the 2/1/21 renewal deadline. The good news is that combined property insurance coverage for Grand Timber Lodge, the Grand Lodge on Peak 7 and the Grand Colorado on Peak 8 in the amount of \$462M has been achieved through layering. These combined premiums are allocated with guidance from IMA based on individual resort insured values. The 2021 approved GL7OA budgeted insurance amount is \$214,589 and the new anticipated amount for GL7OA insurance for the year is \$554,304, which is a variance of \$339,715 or 158%. Therefore, Board approval of this additional expense is required.

Motion: To approve the additional 2021 property insurance expense to achieve sufficient property insurance coverage. This creates a variance of \$339,715.

Made By: Mike Hedensten

Second: Roger Lemmon

Discussion:

From Mike Hedensten:

I know this sucks but with the insurance market the way it is we have to do this. To give a comparison of cost, this premium is approximately 0.12% of the value. Compare that to a policy I just had to purchase at Pilatus where the premium was 0.54% of the value for the aircraft.

From Roger Lemmon:

Discussion: That's one BIG enchilada to swallow! I had to check the math and of course it's correct. What else can we do??? Gotta have insurance. We've all invested too much in this to not protect it. I suggest we do a Mexican Fiesta to drown our sorrows.

From Stan Katz:

I know that as an Advisory Committee member, I don't have a vote, but I don't think it's inappropriate for me to comment on this issue.

Obviously, we need to approve the insurance payment. But after that, we need to go further than simply saying that it's going to be a problem in terms of the annual budget. To that end, here are my preliminary thoughts on that issue.

Every year, we compare our annual dues to other comparable operations in Colorado, mostly in Summit County, but also occasionally in Vail, Beaver Creek, and even Aspen and Steamboat. By and large, our annual dues compare quite favorably with similar properties around the state. Consequently, if this unexpected budget item needs to be covered at some point, I don't believe we would be in terrible shape if we were to create either a) a one-time "emergency assessment" on all units to cover this issue, payable by all BGV owners, or b) institute some sort of surcharge on all guest use of BGV units.

I hope that someone has looked at how much such charges would have to be to cover the cost of the increased insurance, and also whether such charges should be BGV-wide or limited to decisions by each BGV property. Certainly, if GL7 wants to go it alone, we could do so as our budget is technically separate from the budgets of the other BGV properties, but since the insurance issue is BGV-wide, a coordinated policy might sit better with all owners and guests.

To that end, I would like to pose some question to our Board: 1) do we know how the other BGV properties are handling this? 2) have there been any discussions with the other properties? 3) do we want to do this alone (as the Board discussion seems to indicate), or do we want to set up some sort of consortium to address the revenue issue at the BGV level?

I don't know how the rest of you feel, but I believe that a larger discussion of this would be beneficial, since we could determine whether or not we are all on the same page with regard to any budgetary action that we (alone, or with a BGV consortium) might want to recommend.

I hope these comments aren't considered out of place. But that's what an Advisory Committee member is supposed to do, isn't it?

Response to Stan Katz:

Thank you so much for your comments, and they are very much appreciated. We're able to report that the GL7OA property insurance is already part of a blanket policy along with GTL and GC8. Also, as Kimberly mentioned, BGV has been discussing a variety of future pathways to address the substantial increase in insurance premiums, including creating an HOA funded insurance reserve. What our initial research into this strategy has revealed is that it would likely take a seven-figure deductible to really make a dent in the premiums. That being said, BGV will continue to explore all ideas and will be ready to discuss at a more actionable level as part of our FY2022 budget development process.

From Linda Cole:

Thanks to everyone who has commented on this situation. Given the short fuse on this one, we are in unanimous agreement as a Board that we need to move forward with the insurance proposal for this year.

However, before we address future years, we have some time to explore a number of options to ensure adequate, reliable coverage while minimizing our risk and cost. We now have several ideas to explore, along with other possibilities that may surface as we dig more deeply into this matter.

All in Favor: Mike Hedensten, Roger Lemmon, Linda Cole, Nick Doran and Blake Davis

Opposed: None

Abstain: None

Motion Passes

Discussion:

- *Want to mention in the Annual meeting so that there is owner awareness of this issue*

Fall 2022 Resort Closure

2022 Fall Grand Lodge on Peak 7 Partial Week Closure

The staff of the Grand Lodge on Peak 7 has upcoming projects scheduled to take place in 2022 that would be best completed during a full closure of the resort. Our goal is to keep this full closure to less than one week, as illustrated below. Closing the resort will allow for the completion of certain maintenance initiatives which would otherwise have a negative impact on the vacation enjoyment of owners and guests, including extended aquatics closures, water and mechanical systems powering down, and emergency systems being tested. While this closure will impact availability for lodging reservations, Day Use and Bonus Time over these dates, it should not affect our ability to fulfill owner week reservation demand for the 2022 Spring/Fall season due to developer owned weeks and based on historical breakage.

2022 GL7 Partial Week Resort Closure Week 43									
21-Oct	22-Oct	23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	30-Oct
Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
OPEN	OPEN	OPEN UNTIL 5PM	CLOSED	CLOSED	CLOSED	CLOSED	OPEN at 4PM	OPEN	OPEN

Discussion:

- *None*

Grotto Closure

The grotto at Grand Lodge on Peak 7 is due for multiple upgrades and improvements per the reserve replacement schedule and the confirmed need for improvements and repairs. Due to the nature of this environment and the complexity of the work needing to be done, the grotto is scheduled to be closed for up to six weeks in the fall of 2021.

Discussion:

- *BGV will be sharing this closure with our owners once a contract is signed.*

- *Which six weeks?*
 - *Potential start date of September 20th, which has a low occupancy rate.*
- *Alternative options could be:*
 - *One Ski Hill place or the Breckenridge Recreation Center*
 - *GC8 Owners to use their grotto, steam room and sauna*
- *New tile, finishes, fixtures, new floor & walls*
 - *Won't have to do this again for 10 years*

Annual Meeting Review

Discussion:

- *127 owners are registered for the Annual Meeting*

Board Officer Election - *Requires Board Action*

Current Board President – Linda Cole
 Current Vice President – Roger Lemmon
 Current Secretary/Treasurer – Mike Hedensten

President - Linda Cole
 Vice President – Roger Lemmon
 Secretary/Treasurer – Mike Hedensten

7. Miscellaneous

Comments to/from Staff

Discussion:

- *Additional comment was sent to management after the board packet was emailed to BoD and AC*
 - *Senior Owner Support team member reached out to this owner*

NPS

Discussion:

- *NPS scores tell us how we are doing. The comments tell us what we can do better. We regularly use this specific feedback to improve.*
- *BGV is staying mindful of not falling into the trap of blaming everything on COVID. There is always something we can do better and leaning in on that can help us to stand out.*
- *Significantly increasing NPS scores is difficult and to see the jump from 2019 to 2021 is incredible.*
- *The on-property texting system has given us the ability to communicate with owners and guests quickly and has been a driver in the scores rising.*
- *4% of Interval International properties are Elite*

Trip Advisor

Discussion:

- *None*

GL70A Snapshot

Discussion:

- *None*

8. Important Dates

Proposed Date for Next Board Meeting

Suggestion: Thursday, October 21, 2021 5pm-8pm virtually

Discussion:

- *It would be nice to meet in person again when it is safe.*
- *BGV suggests keeping fall meeting virtual with the spring 2022 Board meeting in person and the Annual meeting virtual.*
- *There is an increase in attendance for the annual meeting when it is hosted virtually. Pre-COVID 35-40 ownerships were represented, now 127 ownerships are represented.*

9. Action Items

Review Current Action Items

Discussion:

- *Escape room – in the process of getting bids from vendors. Location has been identified as existing day use locker rooms near the Family Fun Center. Locker rooms would be relocated next to day use lunchroom. With this suggestion, there would be construction costs along with the costs to create an escape room. More information will be shared via missive or e-vote.*
- *What is an escape room?*
 - *Live-action, timed, scavenger hunt*
 - *Clues are left in the room and you must solve the puzzles in order to escape*
- *All profits would go to HOA*

10. Adjournment

Motion to Adjourn: Mike Hedensten

By: Roger Lemmon

Time: 10:44am