

Grand Timber Lodge HOA Board of Directors

4/13/21 GoToMeeting Minutes

ATTENDANCE

Board Present: Marc Block, Jay Keany, Lew Phinney, Nick Doran, Roger Lemmon, Tom Endres

Advisory Committee Present: David George, Jeff Carlson, James Hagerman, Amanda Doebler, Matt Charley, Renae Phillips

Absent: Chris Maciejewski, Marla Jensen

Management Present: Kimberly Tramontana, Eli Yoder, Mary Kay Perrotti, Joe Clark-Fulcher, Peggy Helfrich, Stephanie Harding, Colin Timm

1. CALL TO ORDER

Marc Block, the GTLOA Board President called the meeting to order at 3:06pm.

2. CHANGES TO THE AGENDA

No Changes

3. APPROVAL OF MINUTES

The motion to approve the 10/24/20 meeting minutes was made by Tom and seconded by Lew.

No discussion.

All in favor. Motion passed.

The motion to approve the 1/28/21 Special meeting minutes was made by Lew and seconded by Tom.

No discussion.

All in favor. Motion passed.

4. FINANCIALS

a. GTLOA 2020 Audited Financials

Below is a summary of the GTLOA FY2020 Audited Financials. There are two attachments to review, along with this summary. The first is The Governing Letter to the Board and the second is the draft of the Audited Financials.

The following are some items to note in the draft of the GTLOA 2020 Audited Financials:

- On page 1, please note that the auditor's report includes a clean opinion.

On page 3, please note the following:

- The amenity loan is reflected under Assets "Note Receivable", which is the portion of the loan that BGV still owes to the GTLOA

- The remaining balance of the entire amenity loan is reflected under Liabilities “Line of Credit Payable”, which is the amount due to Colebrook Financial and includes BGV’s portion.

We are pleased to share that as of 12/31/20, the GTLOA ended FY2020 with an Operating Fund surplus of \$287,881 (page 4). Some highlights to consider:

- Due to the favorable operating fund variance, we were able to complete an additional fund transfer from the Operating Fund to the Common Reserve Fund in the amount of \$100,000 (page 4).
- FY2019 ended with operating retained earnings of \$541,176, and the ending operating fund balance as of 12/31/20 is \$729,057. These retained earnings cover the budgeted \$500K loss for 2021 and the anticipated insurance variance of approximately \$200K. (page 4).
- Operating Revenue showed an unfavorable variance against budget of \$136,454 (page 13).
- Operating Expenses showed a favorable variance against budget of \$205,490 (page 13).
- The Common Reserve Fund showed a fund balance of \$815,664, which is 3.80% funded (page 14).
- The Unit Reserve Fund showed a fund balance of \$881,855, which is 3.99% funded (page 15).
- Variances are noted on the second page of this summary, based on page 13.

The motion to approve the GTLOA 2020 Audited Financials was made by Lew and seconded by Tom.

No discussion

All in favor. Motion passed.

b. GTLOA February 2021 Unaudited Financials

- i. The GTLOA Operating budget is showing a favorable variance of \$26,607 YTD.
- ii. Operating Revenue is experiencing an unfavorable variance of \$40,831 YTD.
- iii. Operating Expenses show a favorable variance of \$67,439 YTD.

The motion to accept the February 2021 Unaudited Financials was made by Lew and seconded by Tom.

No discussion

All in favor. Motion passed.

c. 2022 Insurance Renewal Update

The GTLOA Finance Committee will report on their discussion from their 4/6/21 meeting regarding the 2022 insurance renewal.

- BGV is working with IMA to research insurance agencies that 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 GTLOA budget.

Discussion:

- *Update from IMA that updating decking and siding materials would not effect the insurance premiums*
- *Eli confirms that RWB agreed this would not change our fire rating which is already in the highest tier of level green*
- *Open dialogue for insurance ideas still remains*

d. Resort Fees for Private Rentals

- Marc Block and Rick Tramontana investigated if GTLOA is missing out on a revenue stream from private rentals, where owners rent out themselves, as there are no fees associated with these rentals as there are with owner discounts or Bonus Time rentals. In 2019 about \$55k was brought in from owner resort fees. There were 284 private rentals in 2019. If GTL charged \$25 (similar to an Interval guest certificate fee) per private rental, it would only equate to about \$7k. This does not seem to be justified as a means to bring in more income when balanced against the administration and potential ill will. We will continue to look for more income sources.

Discussion:

- *Always open to any ideas you may have to bring in new revenue streams*
- *Kudos to Marc for helping to navigate the Facebook groups and taking in new comments to staff*

e. Accounts Receivable Update

- 78% of 2021 dues paid as of 3/15/21
- 75% of 2020 dues paid as of 3/15/20
- EOY 2020:
 - 96% of dues paid
 - 69 deeds recovered via BGVARM:
 - \$48,895 in bad debt (16 accounts with past due balances when cancelled)
 - \$65,755 gained in buy-out negotiations (41 accounts)
- As of 3/15/21:
 - 29 deeds recovered via BGVARM:
 - \$20,312 in bad debt (10 accounts with past due balances when cancelled)
 - \$25,685 gained in buy-out negotiations (10 accounts)
- 17 accounts currently in foreclosure

Discussion:

- None

**f. Reserve Studies Update
2020 Projects Update**

Although reserve spending did not happen as we had planned during the budget preparation, we were able to remain nimble and successfully completed certain upgrades to the resort while remaining conservative in our spending. It is worth noting that working with new vendors provided some substantial savings for the Building 5 fire suppression work and the Building 4 window replacements.

Grand Timber Lodge 2020 Common Area Expenditures						
Description	Account Code	Budget	Actual Expenditure	Cost Variance	Variance Notes	Status
A/C Condenser - Library/Boardroom	8124	\$1,500		\$0		Postponed
Boardroom Computer	8125	\$500		\$0		Postponed
Building 1 Dry Sauna	8121	\$10,000	\$8,487	\$1,513	Complete with savings	Complete
Building 1 Locker Room & Pool Area Remodel	8126	\$112,050	\$179,587	-\$67,537	Project over budget but offset by other savings	Complete
Building 1 Outdoor Hot Tub Resurfacing	8121	\$18,000		\$0		Postponed
Building 3 & 4 Hallway Carpet	8126	\$23,310	\$42,077	-\$18,767	Increased material cost	Complete
Building 3 & 4 Hallway Paint	8126	\$29,895	\$21,550	\$8,345	Complete with savings	Complete
Building 3 & 4 Stairwell Paint	8126	\$17,000	\$6,900	\$10,100	Complete with savings	Complete
Building 4 Balcony Doors & Windows	8125	\$353,174	\$293,624	\$59,550	Complete w savings, new vendor relationship	Complete
Building 5 Pool Area Doors	8125	\$12,500		\$0		Postponed
Building 5 Dry Fire Supression System	8124	\$400,000	\$175,440	\$224,560	Complete w savings, new vendor relationship	Complete
Building 5 Outdoor Hot Tub Resurfacing	8121	\$22,000		\$0		Postponed
Building 5 Pool Automatic Glass Entry Door	8125	\$12,000		\$0		Postponed
Building 5 Water Play Feature	8121	\$58,000		\$0		Postponed
Building 6 Exterior Paint	8125	\$45,000	\$50,000	-\$5,000		Postponed
Building 6 Garage Doors	8125	\$40,000	\$38,548	\$1,452	Complete with savings	Complete
Building 6 Ground Floor Carpet	8126	\$26,000		\$0		Postponed
Common Area Art & Decor	8126	\$10,000		\$0		Postponed
Day Use Room Hard Furniture	8126	\$250		\$0		Postponed
Day Use Room Lounge Seating	8126	\$1,000		\$0		Postponed
Housekeeping Carts	8126	\$7,500		\$0	Able to complete year without new purchases	Complete
Luggage Carts	8126	\$5,000		\$0	Able to complete year without new purchases	Complete
Pool Area Uplighting	8126	\$4,250		\$0		Postponed
Procentric TV Server	8126	\$7,000		\$0		Postponed
Shuttle Stop Benches	8126	\$1,000		\$0		Postponed
Shuttle Stop Directional Sign	8126	\$2,000		\$0		Postponed
Treadmills	8126	\$17,100		\$0		Postponed
Contingency	8130	\$20,000	\$12,203	\$7,797		Complete
		\$1,256,029	\$828,416	\$222,013		

Grand Timber Lodge 2020 Unit Expenditures						
Description	Account Code	Budget	Actual Expenditure	Cost Variance	Variance Notes	Status
Annual Appliance Replacement	8023	\$79,375	\$45,138	\$34,237	Complete with savings	Complete
Art & Decor	8022	\$324,000	\$326,689	-\$2,689		Complete
Bedding Pillow	8025	\$40,500	\$40,173	\$327	Complete with savings	Complete
Bedroom & Studio TVs	8023	\$133,210	\$126,084	\$7,126		Complete
Building 3 & 4 Carpet	8024	\$177,400	\$166,524	\$10,876	Altered design slightly to realize savings in material costs	Complete
Building 3 & 4 Painting	8028	\$104,000	\$107,450	-\$3,450	Completed w aggregate painting project cost savings	Complete
Building 4 Window Treatment	8022	\$27,550	\$39,380	-\$11,830	Increased material cost	Complete
Building 7 Mattresses	8022	\$40,800		\$0		Postponed
Decorative Bedding	8022	\$32,940	\$30,011	\$2,929	Completed with savings, expense reflected in 2019 financials	Complete
Patio Furniture	8020	\$256,000		\$0		Postponed
Unit Entry Benches	8022	\$80,250	\$80,306	-\$56		Complete
Unit Entry Coathooks	8020	\$48,150		\$0		Postponed
Unit Phone System	8023	\$150,000		\$0		Postponed
Contingency	8029	\$10,000	\$13,444	-\$3,444	Complete	Complete
		\$1,504,175	\$975,199	\$528,976		

2021 Projects Update

With the COVID-19 pandemic continuing, we have taken a conservative approach to start our 2021 reserve expenditures and will be looking to complete more projects in the Summer and Fall rather than earlier in the year as we generally strive for. Our larger projects, such as the renovations of the Building 5 pool area, first phase of the Building 5 window replacements, and carpet replacement projects are slated for this spring so we can minimize the disruption for our owners and guests and to maximize our scheduling with the respective vendors. Completing the window project early has allowed us to avoid the 2021 material cost increase, resulting in significant cost savings.

Grand Timber Lodge 2021 Unit Expenditures						
Description	Account Code	Budget	Actual Expenditure	Cost Variance	Variance Notes	Status
Building 5 Window Treatment	8022	\$30,800		\$0		Spring
Buildings 5 & 6 Unit Carpet	8024	\$332,500		\$0		B5 Spring, B6 Fall
Buildings 5 & 6 Unit Painting	8028	\$182,000	\$141,680	\$40,320	Forecasted vendor savings	B5 Spring, B6 Fall
In Unit Phone System	8023	\$150,000		\$0		TBD
Art & Decor - Tapestries	8022	\$20,700		\$0		TBD
Unit Entry Coat hooks	8020	\$64,200		\$0		TBD
Annual Appliance Replacements	8023	\$74,205	\$16,368	\$0	YTD	YTD
Buildings 7 & 8 Mattresses	8022	\$59,925	\$68,591	-\$8,666	Increased material cost	Spring
Patio Furniture	8020	\$272,000	\$247,634	\$24,366	Forecasted savings	Spring
Unit Safes	8022	\$48,750		\$0		TBD
Contingency	8029	\$10,000		\$0		YTD
		\$1,245,080	\$474,272	\$770,808		

Grand Timber Lodge 2021 Common Area Expenditures						
Description	Account Code	Budget	Actual Expenditure	Cost Variance	Variance Notes	Status
Building 5 Locker Room Renovations	8126	\$220,000	\$254,393	-\$34,393	Increased material cost, pipe insulation in attic	Spring
Building 5 Aquatics Area Fireplace Renovations	8126	\$25,000		\$0		Design in process
Building 5 Aquatics Area Doors	8125	\$24,500		\$0		Spring
Aquatics Area Interior Lighting	8126	\$4,250		\$0		Spring
Building 1 Aquatics Area Resurfacing	8121	\$51,000	\$51,000	\$0	Forecasted cost	Fall
Building 5 Aquatics Area Resurfacing	8121	\$122,000	\$125,500	-\$3,500	Forecasted cost	Fall
Buildings 5 & 6 Stairwell Paint	8126	\$8,750	\$16,400	-\$7,650	Offset by hallway savings	B5 Spring, B6 Fall
Buildings 5 & 6 Hallway Paint	8126	\$48,480	\$38,250	\$10,230	Offset by stairwell cost	B5 Spring, B6 Fall
Buildings 5 & 6 Hallway Carpet	8126	\$113,100		\$0		B5 Spring, B6 Fall
Building 6 Ground Floor Hallway Carpet	8126	\$26,000		\$0		Fall
Buildings 5 Window Replacement, Phase 1	8125	\$466,500	\$391,134	\$75,366	Early scheduling avoided 2021 material cost increase	Spring
Building 5 Exterior Paint	8125	\$45,000	\$53,565	-\$8,565	Increased vendor cost	Summer
Common Area Art & Decor	8126	\$10,000		\$0		TBD
Outdoor BBQ Grills	8123	\$33,750		\$0		Spring
Panic Exit Device - All Common Area Doors	8125	\$17,850		\$0		TBD
Grand Room - Wall Sconces	8126	\$400		\$0		Spring
Fire Extinguishers	8124	\$9,220		\$0		Spring
Server Hardware Replacement	8124	\$30,000		\$0		TBD
Housekeeping Carts	8126	\$7,500		\$0		YTD
Luggage Carts	8126	\$7,000		\$0		YTD
Contingency	8130	\$20,000	\$5,161	\$0		YTD
		\$1,290,300	\$935,403	\$31,488		

Updates Made in Review Process

We have begun the 2021 review process of the reserve studies, starting in early March. This process will continue throughout the budget season as we continue to closely monitor dues collections and the economic recovery from the COVID-19 pandemic. The current outlook is optimistic, and we look forward to ensuring a schedule that ensures the long-term viability of Grand Timber Lodge.

The software used for these 30-year reserve studies determines the appropriate contributions from the HOA budget in accounts 8010-00 and 8110-00, Unit Reserve Fund and Common Reserve Fund. BGV continues to recommend funding the reserves in order to maintain an updated resort that our owners can continue to enjoy for decades to come. Funding recommendations will be included in the 2022 budget.

Design Updates

Breckenridge Grand Vacations is committed to maintaining the look and feel of Grand Timber Lodge. The exterior architecture of Grand Timber Lodge is an arts and craft style, with structural, wooden beams. This structural design continues inside the buildings, with wooden beams and posts throughout the common areas. Design for furniture, carpet, and paint is inspired by the architectural style of the resort and the arts and crafts design.

- BGV works with a local furniture supplier who provides design services as a part of our purchase agreements. In 2021 they will provide design direction on these projects:
 - Unit Entry Coat Hooks
 - Art & Décor – Tapestries
 - Patio Furniture
- BGV has begun working with an architectural design firm to develop a long term, comprehensive design plan for future remodel projects. This design scope includes cabinets, countertops, tile, flooring, and other permanent fixtures scheduled for replacement beyond 2025.

Discussion:

- There is no rental furniture at GTL, soft furniture is purchased every 5 years and hard furniture every 10 years
- GTL is still estimating being caught up on postponed projects by 2023

5. GENERAL MANAGER REPORT

Change has seemingly been the only constant over the past year. Even as we prepare this update, we are fully aware of the fact that by the time you this report is published, more changes will have likely occurred. We enjoyed near record occupancy almost every month since reopening and have continued to evolve our safety measures to keep our owners, guests, and employees as healthy as possible. As we look forward to a very bright future, we take comfort in knowing that some of our employees are now eligible for the COVID-19 vaccine and have begun receiving doses!

While continuing to ensure the safety of our owners, guests, and employees through our BGV Shines program, we continue to work to provide our owners and guests with the best ownership experience possible. We recently reached an agreement with a new arcade vendor who will begin servicing our Family Fun Center later this spring. With this transition, we will enjoy brand new games and a noticeably improved experience. In addition, our Activities Department has been diligently working to provide an array of fun, yet safe offerings every day. The daily waffle bar, “to-go” activities, and “on-demand” activities have proven to be immensely popular and will be something we look to build upon as we strive for a stronger tomorrow!

Room Upgrades

- The unit kitchens are now fully stocked with all the inventory that was supplied before the pandemic. Housekeeping continues to sanitize all the inventory with the UV lights to ensure safety.
- Buildings 5 and 6 are in the process of getting new interior paint and carpet. The paint scheme and hallway carpet reflect Buildings 1-4. Given the size of these buildings, we will be working on this project throughout the summer and fall as occupancy permits.
- During our biannual deep cleans this spring, we will replace the mattresses in Buildings 7 and 8. The new mattresses are sourced from Denver Mattress and are consistent with the mattresses we have featured previously.
- Working with a local supplier, we will be replacing the patio furniture for all the unit patios. The new product will be a composite material like what we have in our pool areas. The design is a comfortable Adirondack style chair that can also fold up to create more space on some of our smaller patios.

Resort Upgrades

- In addition to unit painting and carpet, Buildings 5 and 6 common areas will also be receiving this much needed update.

- In just a few days, we will begin the first phase of our window and door replacement in Building 5 which will include all the common area fenestration and as well as some units. This upgrade will improve both the aesthetics of the property as well as the energy efficiency of the building.
- As this is the year of Building 5 enhancements, we are also underway with the remodel to the locker rooms in the indoor pool area of this building. Once completed, the locker rooms will have a similar look and feel to the newly remodeled locker rooms in Building 1.

Looking Ahead

- As weather permits, we will be painting the exterior of Building 5 this summer.
- We are negotiating with vendors to install safes into each unit. This will provide peace of mind to owners and guests, while reducing potential liability.
- The resurfacing of the pools and hot tubs has been scheduled for September. We will be working with the vendor to minimize any impact to the vacation experience and will ensure that one of the pools is always open to enjoy.
- Working with our Information Technology (IT) team, we are finalizing the proposal to replace the in-room phone system. This process will involve pulling new wiring between buildings to ensure a reliable system.
- As one of the heavily utilized amenities on property, we look forward to updating the BBQ grills this summer to ensure that they can continue to meet the demand.

Discussion:

- *None*

6. UPDATES AND NEW BUSINESS

a. Winter 2022 BiGVARS Update

We are pleased to share that the Winter 2022 reservation request system has been successfully completed.

Approximately 2,199 owners representing 2,352 contracts placed requests to make reservations for the Winter 2022 season. Participation in the reservation process was up slightly year over year.

Overall, the numbers appear to closely follow last year, showing the steady state the process has achieved. Specifically, here are the results:

- 52.17% were assigned their top choice (up from 51.46% in 2021)
- 65.73% were assigned a top 3 preference (65.20% in 2021)
- 76.66% were assigned a top 6 preference (78.32% in 2021)
- 87.41% were assigned a top 15 preference (88.56% in 2021)

- 1.40% were assigned a choice outside of their top 15 (1.37% in 2021)
- 11.18% did not receive any of their choices, and were auto-assigned (10.06% in 2021)

Of the 2,352 contracts represented in the assignment process, 263 were automatically assigned a week. These results are up slightly over 2021 by 1.12%. This is most likely due to an increase in participation this year. As you may recall, priority during the next reservation round is increased for those who did not receive one of their top choices. This maintains our efforts to fairly distribute top choice preferences amongst all Winter owners over time.

Breckenridge Grand Vacations does understand that not all owners favor this reservation request and assignment process, and we are committed to listening closely and carefully to the feedback we receive from our owners. If at any time it is determined that the majority of owners are not satisfied with using the GTL Annual Reservations System, and/or if an even better system is identified, we will gladly collaborate with the GTLOA Board and Advisory Committee to ensure the best possible experience for our owners.

Discussion:

- BiGVARS has helped BGV more than other systems that have been tried out and has given us the best distribution of preference over an aggregate period.

b. GTL/GP Bonus Time

Bonus Time is currently being administered as a reciprocal ownership benefit between Grand Timber Lodge and Gold Point, with reservations dating as far back as 2003. The reciprocity of this benefit is in dispute. The GTLOA President tasked BGV to find documentation of the inter-property agreement in the historical records. To date, none has been found.

As part of researching if any documentation regarding this reciprocal ownership benefit exists, BGV has collected the following data:

- 89 Gold Point owners have made a total of 209 Bonus Time reservations at GTL over the last 3 years
- 681 GTL owners have made a total of 1,129 Bonus Time reservations at Gold Point over the last 3 years (please note that GTL owners can bring pets to Gold Point on Bonus Time)

	2018		2019		2020		Grand Total	
	Res	Owners	Res	Owners	Res	Owners	Res	Owners
GPC owners at GTL	67	43	73	37	69	37	209	89
GTL owners at GPC	542	403	335	266	252	189	1,129	681
Grand Total	609	446	408	303	321	226	1,338	770

BGV proposes an Action Item to further research the origins of this benefit and its proper application, and to solicit any change in direction from the GTLOA Board at the fall meeting.

Discussion:

- *Still working to find clarity on the original agreement*

7. MISCELLANEOUS

a. Comments to/from Staff

Mr. Brunton reached out to Marc Block regarding 2021 budget concerns.

From: Matt Brunton

Sent: Tuesday, December 1, 2020 10:09 PM

To: Marc Block

Subject: Proposed Annual Budget 2021

Good evening Mr. Block,

First of all, thank you for the time you have given in service to the LOA, I have served in, and currently serve as president of, a much smaller HOA and know it is a thankless task.

I write because, if I read the update letter correctly our dues are likely to increase a similar % as this year-on-year each of the next ten years, is this correct? This would increase a current 3 bedroom payment of approximately \$1,800 to over \$5,600 in ten years! Clearly if the budget is to increase by a similar amount each year of \$188 or so per three bed, this is better, but will still more than double the annual payment over ten years. Do we really see hotel rates doubling over the same time? Do you know what the GTL rates were ten years ago?

If we're on track for doubling or tripling the rates over ten years I think we need to look at other options. Do we have access to the BGV books? I suspect we may need to scale back the services they provide, and take a hard look at the costs versus benefits. Over \$1MM in owner relations, with another \$0.5MM in management fees, and nearly \$4MM in housekeeping all stand out on the summary balance sheet provided on the back of your letter.

I mean absolutely no disrespect, to you or any of the LOA members; I would certainly value greater insight on the other options considered, and appreciate any insights you can provide.

Sincerely,

Matt Brunton

Biennial Three-bedroom owner as of 2019

Hi Matt,

Sorry for the delay in responding – I wanted to make sure I had all the info to pass along.

Not sure how you came up with the \$1800 to \$5600 in ten years, so I did some math of my own. The numbers you present would represent an approximately 12% annualized increase – much higher than what we are seeing.

Using 9% – the \$1800/yr would be \$4261/yr after 10 years at that rate of increase. Still not good, but 25% lower than your numbers.

FYI – 7% leads to doubling every 10 years.

I did an analysis of our dues increases as far back as 2003 (see attached). I found an annualized increase of roughly 5%. That relates to a 10 year increase of 63%. A 5% annualized increase would take 14 years to double.

We do look at comparable owner assessments for the Breckenridge area – and found we (GTL) are the lowest of them all.

We also look at hotel rates – for example the Marriot Residence inn (studio, 1 queen bed) is over \$400/nt (\$2863/wk) – and that is without many of the amenities we have...

We have access to the books on our accounts, and they are audited annually. We do not have access (nor should we) to the internal books of BGV.

I point out all these numbers not to dispute the fact that having ownership in vacation property in Summit County is absurdly expensive, but rather to show that the Board, the Advisory Committee, and the Finance Committee look very carefully at every aspect.

Being owners like you, we have a vested interest in keeping costs contained and dues minimized, while maintaining the quality of the resort we mutually own.

I would also be very happy to chat with you if you wish. Just let me know when and where to reach you. All the best,

- Marc

Annual 4-bedroom owner

Biennial 2-bedroom owner

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From: Matt Brunton
Date: 12/4/20 9:59 AM
To: Marc Block

Good morning Marc,

And thank you for your reply and the detail.

On the increase and how I calculated it, I just plugged the 10% increase (I believe my dues in 2020, if translated to annual were a little under \$1,900, and the annual increase proposed for three bed owners is a little under \$190 - so close enough). On checking the update letter again I see that dues go up less as a % of total for biennial owners. Either way, as you say, the increase is significant, and looking at the spreadsheet it is the highest it has ever been. As a one off to be returned to a more normal 3-4% this would not be a major concern, but if we believe we're going to stay above 5% for a number of years I believe we need to look at controlling costs to result in more reasonable dues increases in line with standard of living/rate of inflation.

My concern on the dues rising consistently, aside from the obvious, is the likely effect on GTL. This will likely lead to more owners deserting the property (do you know the current % ownership v maximum?), even dumping their units, that will lead to less income to pay the escalating costs, which in turn would lead to reduced quality, and perhaps a self-feeding cycle. I hope the cycle I paint is too pessimistic, but it is certainly not impossible. As I said below, without more detailed knowledge, the over \$2.5MM in management fee, owner relations and guest services looks like an area where significant savings could be made. Equally, and again without further knowledge, the nearly \$4MM on housekeeping looks ripe for outsourcing in its entirety.

I am new to the LOA, and so again please understand I mean no disrespect to you or any of the board members. I do believe we need to look again and look hard at controlling costs, before we go down the path of a plan to raise dues above 5% for ten years straight.

Please don;t fell compelled to reply, if you have the time perhaps we could talk? I have a full day today, but please try me anytime this weekend or next week, whenever is good for you.

I will send back a copy of this email exchange with the ballot I return, I would be grateful if it was shared with the other members of the LOA, and filed as a point of record with the LOA.

Regards,

Matt Brunton

From: Marc S. Block

Sent: Friday, December 4, 2020

To: Peggy Helfrich; Josh Stuhr

FYI

Suggestions for Marc's discussion with Mr. Brunton:

- Increased Revenue:
 - Benefits to GTLOA from the new management agreement - full 10% of Rental Resort Fee Income.
 - Vacation Experience Fee from exchanges and along with passing through all the operational costs.

- We do work to offset increased expenses with increased revenue and/or costs reductions wherever possible.
- Expenses:
 - Guest Services and Housekeeping in particular show an increase largely because of wage increases due to staffing shortages and additional protocols due to COVID. Outsourcing Housekeeping is a difficult scenario to imagine. We did look into it a few years ago via RFPs with a result that highlighted the lack of options in Summit County. I can only imagine it would be much worse currently. Additionally, we would have less control over standards and quality. And, we want staff to be a part of the BGV family for many reasons that benefit us all.
 - As discussed at the FC and Board meetings, as of 10/1, 94% of dues were paid as compared to 95% in the same time in 2019. I know that the Accounts Receivable team is working hard with owners affected by COVID.
 - The Annualized dues increase from 2003 – 2021 is 5.2%.
 - Certain expenses, such as insurance, and property tax, are uncontrollable expenses. We work to get volume discounts and execute wholesale contracts whenever possible, such as wholesale gas.

We truly are sensitive to the dues increases any year, but especially this year. As you know, the dues are a reflection of the costs to run the resort with the quality, service and with the experience owners expect from Grand Timber Lodge. Please let me know if we can provide any further information to support you!

Discussion:

- *None*

b. NPS Reports

- i. GNPS is 70 with 79% being promoters as of April 1st, 2021.
- ii. GONPS is 74 with 79% being promoters as of April 1st, 2021.

Discussion:

- *Kudos to the BGV staff and BGV Shines*

c. Trip Advisor Reports

- i. GTL is currently #6 of 23 Hotels in Breckenridge

Discussion:

- *Kudos to staff*

8. IMPORTANT DATES

a. GTLOA Finance Committee:

Monday, October 4th, 2021 2pm-5pm, via GoToMeeting

b. GTLOA Board and Annual Meetings:

Saturday, October 23rd, 2021:

- Board Meeting – 9:30-11:30am – in person, TBD
- Annual Meeting – 1pm – Virtual via GoToWebinar

c. Contract / Agreement Dates:

9. Management Agreement:

Initial term from 1/1/2021 – 12/31/2030

Auto-renews for successive periods of 5 years
Action for change required 180 days prior to auto-renewal

10. Interval International:

Expires 12/31/2024
No auto-renewal

11. Resale Agreement:

New agreement went into effect 1/1/2019 and auto-renews annually
Action required with written notice 90 days prior to auto-renewal

12. External Reserve Studies Review:

Every 5 years
Next due in 2021

13. The Boot Saloon Restaurant Lease

Expires April 30, 2029
Option to renew the lease for two additional 5-year terms
Notice to exercise renewal must be given between 365 and 180 days before the end of the lease

14. REVIEW ACTION ITEM LIST

Review

- **#177 - Action Item:** *Share the memorandum of understating with the Board & Advisory Committee. This was fully executed 11/3/20. Recommend to close at the 4/13/21 Board meeting. Closed.*
- **#178 - Action Item:** *Each year in the fall meetings, we will put an updated version of the illustrative schedule up on the screen for Finance Committee & Board review. This will begin at the fall meeting in 2021. In process.*
- **#179 - Action item:** *BGV to have recommendations of how to move forward and solutions regarding the 2022 insurance renewal. An update is being reviewed at the 4/13/21 Board meeting and a recommendation will be fully developed by the fall Finance Committee meeting. In process.*

New Action Items

#180 – Action Item: BGV to further look into GTL/GP Bonus time.

#181 – Action Item: BGV to explore any necessary amendments to bylaws for holding virtual meetings.

The meeting was adjourned at 4:24pm pm by Roger and seconded by Lew.