GL7OA Board and advisory committee

10.11.2022 Meeting minutes

**Attendance:**

**Board:** Linda Cole, Mike Hedensten, Nick Doran, Blake Davis

**Advisory Committee:** Peter Strom, Jeanne Symonds, Angie Verburg, Jamie Keiffer, Bruce Vix

**Management Company:** Kimberly Tramontana, Joanni Linton, Lindsay Reinwand, Amie Yoder, Mary Kay Perrotti, Joseph Clark-Fulcher, Kari Scarcelli, Peggy Helfrich, Dave Reinwand

**Call to Order**

By: Mike Hedensten Time: 2:16PM

**Changes to Agenda** - None

**Approval of 4-9-22 Meeting Minutes**

**Motion:** To approve the april 9, 2022 meeting minutes.

Made by: Nick Doran

seconded by: blake davis

Discussion: None

In favor: all

Opposed: None

ABSTAIN: None

**GL7OA August 2022 unaudited Financials**

Please find a summary for the GL7OA August 2022 unaudited financials.

* Overall, the Operating Budget shows a favorable variance of $228,023 YTD.
* Operating Revenue shows a favorable variance of $86,327 YTD.
* Operating Expenses show a favorable variance of $141,696 YTD.

Please keep in mind that adjustments made at year’s end may affect the total fiscal year budget outcome.

**Motion:**TO ACCEPT the GL7OA august 2022 YTD UNAUDITED FINANCIALS

Made by: mike hedensten

seconded by: nick doran

Discussion: none

In favor: all

Opposed: none

ABSTAIN: none

**Accounts Receivable Performance Update**

97% of dues paid as of 9/15/22 (97% dues paid as of 9/15/21)​

EOY 2021: ​

* 98% of dues paid​
* 44 deeds recovered via BGVARM: ​
* $65,353 past due balance at the time of charge-off (15 accounts)​
* $34,591 gained in deed in lieu income (9 accounts)​

​

As of 9/15/22:​

* 22 deeds recovered via BGVARM: ​
* $23,236 past due balance at the time of charge-off (9 accounts)​
* $15,382 gained in deed in lieu income (6 accounts)

**HB 22 – 1137 Delinquency and Foreclosure Process Update**

**Major Highlights:**

* HOA’s are not able to charge as much in late fees as they could previously
* Late Notices must now be sent every month by First Class and sometimes Certified Mail
  + Late Notices must also be emailed
* Board members, association/property management/law firm employees, or immediate family cannot buy a unit at foreclosure auction

**GL7OA Board Process Changes:**

* The spring Board meeting will include a motion to approve the number of accounts moving into foreclosure
* A special Executive Meeting will be called to approve specific foreclosure accounts when they are ready to be processed
* Motions to approve an update to the Governance Policy regarding Collections, as well as the addition of an Enforcement of Covenants to show compliance of HB 22 -1137 are shown on the following pages

**What is BGV doing to assist:**

* BGV has been in contact with Colorado Representatives and Senators, Legal Representation, and ARDA to create an exception for timeshares
  + We will be vehemently working to have this law amended next year in recognition of how it unfairly affects Timeshare Associations
* Using the BGV internal platform to email the late notices, so there are no additional costs to GL7OA

**HB 22 – 1137 Governance Policy Update**

**Enforcement of Covenants**

As shared in the 8/3/22 Missive, HB 22- 1137 caused changes to the Delinquency and Collections process. This is being relitigated in the first part of 2023 with hopeful considerations for Timeshares. If there are changes in the new legislative session, more permanent Rules and Regulations updates will be made. In the meantime, the Enforcements of Covenants shows compliance with this new law. This attached document, as prepared by legal counsel, will be posted on Grand Central once approved by the GL7OA Board and signed by Linda Cole, Board president.

**Motion:** To approve the Enforcement of Covenants to be in compliance with HB 22- 1137.

Made by: mike hedensten

seconded by: blake davis

Discussion:

* House Bill 22-1137
  + Increased collections cost to GL7OA operation budget.
  + BGV Leadership will be attending industry conference and meeting with industry legal counsel to discuss this CO House Bill in hopes of obtaining a timeshare carve out from the bill.
  + Vote reform to happen at the end of Q1 in 2023.

In favor: all

Opposed: None

ABSTAIN: none

**Governance Policy Update**

Also being updated is the GL7OA Collections Governance Policy to remain in compliance with HB 22 – 1137. The redline and clean versions were attached to the Board material email for your review. This will also be updated on Grand Central once approved.

**Motion:** To approve the Collections section of the Governance Policy to be in compliance with HB 22- 1137.

Made by: mike hedensten

seconded by: blake davis

Discussion: none

In favor: all

Opposed: none

ABSTAIN: none

**Club Rules and Regulations**

**Rate Increase to the Grand Lodge on Peak 7 Bonus Time Program**

BGV will educate owners about this rate change through a variety of communication channels.

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DISCUSSION:

* *Bonus Time Rates are very competitive compared to rack rates, and differ between BGV properties.*

**Reserve Review**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grand Lodge on Peak 7 2022 Common Expenditures** | | | | |
| **Description** | **Budget** | **Planned Expenditure** | **Variance** | **Status** |
| Common Area Furniture and Trim | $ 211,150 | $ 193,983 | $ 17,167 | Ongoing |
| Salto Locks | $ 200,077 | $ 200,077 | $ - | Ongoing |
| Cardio Equipment and Fitness Floor | $ 64,890 | $ 62,020 | $ 2,870 | Ongoing |
| Common Area Flooring | $ 63,923 | $ 63,956 | $ 33 | Ongoing |
| Mechanical Equipment | $ 58,825 | $ 60,000 | $ 1,175 | Complete |
| Deck Stain | $ 34,474 | $ 34,474 | $ - | Ongoing |
| Ice Machines | $ 30,900 | $ 29,000 | $ 1,900 | Ongoing |
| Pool Mechanical Equipment | $ 27,810 | $ 33,466 | $ 5,656 | Complete |
| Security System | $ 21,630 | $ 21,630 | $ - | Ongoing |
| Rollaways, Housekeeping and Bell Carts | $ 21,549 | $ 15,000 | $ 6,549 | Ongoing |
| Contingency | $ 20,000 | $ 40,000 | $ 20,000 | Ongoing |
| Umbrellas | $ 15,244 | $ 12,879 | $ 2,365 | Ongoing |
| Rock Speakers | $ 5,458 | $ 5,000 | $ 458 | Ongoing |
| Totals | $ 775,930 | $ 771,485 | $ 4,445 |  |
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| **Grand Lodge on Peak 7 2022 Unit Expenditures** | | | | |
| **Description** | **Budget** | **Planned Expenditure** | **Variance** | **Status** |
| TVs and TV System | $ 244,369 | $ 244,369 | $ - | Ongoing |
| Bedroom Platform Bed | $ 182,928 | $ 5,000 | $ 177,928 | Rolling over to 2023 |
| Window Coverings | $ 113,300 | $ 115,888 | $ 2,588 | Complete |
| Paint | $ 85,932 | $ 85,932 | $ - | Will use based on need |
| Bedroom Lamps | $ 75,127 | $ 80,000 | $ 4,873 | Ordered |
| Appliances | $ 66,993 | $ 66,993 | $ - | Will use based on need |
| CO Detectors | $ 28,325 | $ 28,325 | $ - | Complete |
| Ottomans and Entry Benches | $ 21,888 | $ 17,582 | $ 4,306 | Complete |
| Contingency | $ 15,000 | $ 15,000 | $ - | Will use based on need |
| Queen Pillows - PAR | $ 7,956 | $ 8,500 | $ 544 | Complete |
| Totals | $ 841,818 | $ 667,589 | $ 174,229 |  |

|  |  |  |
| --- | --- | --- |
| **Grand Lodge on Peak 7 2023 Common Expenditures** | | |
| **Description** | **Budget** | **Timeline for Completion** |
| Garage Repairs | $243,183 | Fall |
| Vehicle Replacements | $212,107 | Spring |
| Common Area Flooring | $192,609 | Spring |
| Aquatics Repairs | $77,218 | Spring |
| Elevator Door Operators | $47,380 | Spring |
| Putting Green | $30,900 | Spring |
| Annual Roof and Heat Tape Repairs | $28,643 | Summer |
| Contingency | $20,000 | Will use based on need |
| Composite Benches | $15,913 | Spring |
| Umbrellas | $15,707 | Summer |
| Radio Repeater | $14,352 | Spring |
| Housekeeping Carts and Rollaways | $6,165 | Will use based on need |
| Common Area TV Replacement | $4,017 | Spring |
| Salto Lockset | $3,182 | Will use based on need |
| **Totals:** | **$911,376** |  |
|  |  |  |
| **Grand Lodge on Peak 7 2023 Unit Expenditures** | | |
| **Description** | **Budget** | **Timeline for Completion** |
| Living Room Soft Furniture | $360,284 | Fall |
| Carpet | $210,918 | Fall |
| Living Room Tables | $122,068 | Fall |
| Appliance Replacement | $92,455 | Will use based on need |
| Paint | $91,789 | Will use based on need |
| Bedroom Furniture | $69,432 | Fall |
| Living Room Lamps | $39,275 | Spring |
| Alarm Clocks | $25,029 | Fall |
| CO Detectors | $24,931 | Spring |
| Contingency | $15,000 | Will use based on need |
| Entry Bench - PAR | $4,521 | Spring |
| **Totals:** | **$1,055,702** |  |

DISCUSSION:

* *The reserve study is a 30-year replacement schedule. The reserve account funds future replacement expenditures at the end of their useful life. It is recommended to fund the reserves by at least 2% of the total property expenditures.*
* *Soft furnishings are assessed prior to replacement even if they are up for replacement per the reserve study.*

**Strategic Budget Plan**

As agreed upon last year, we have updated the GL7OA allocated General and Administrative expenses as well as the Illustrative Example of Management Fees for 2023. As you may recall, a multi-year strategy has been designed which includes a Memorandum of Understanding as well as the Illustrative 8-year Cover of G&A Expenses.

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**Proposed GL7OA 2023 Budget and Summary**

**Grand Lodge on Peak 7 Owners Association**

**2023 Proposed Budget Summary**

**The General Summary**

Total Proposed 2023 GL7OA Budget: $13,248,042

GL7OA started the current year with an Operating Fund Balance of approximately $1.1M. GL7OA is forecasting an Operating Fund Surplus of $137K. A ($600K) loss was approved in the 2022 budget, which is expected to result in an ending 2022 Operating Fund Balance of approximately $452K.

The proposed 2023 Fund Surplus Reduction line item includes ($250K), leaving an ending 2023 Operating Fund balance of $202K. The Board can choose to adjust the loss amount, if desired.



The primary reasons for the material budget expense increases are due to uncontrollable variables such as new HOA regulations, as well as the wage increases in response to labor market conditions.  The material revenue increase is primarily related to strong rental revenue, which is favorably impacting the Rental Resort Fee income line item.

* Property Tax – 2023 is a valuation year and per the County Assessor preliminary estimates, residential valuations may increase as much as 62%.  BGV took a conservative approach and budgeted for a 50% valuation increase in the proposed 2023 budget. BGV will hire consultants to protest these valuation increases, if recommended.
* Collections Bill (HB 22-1137) - This bill will decrease late fee revenue and increase the number of dues payment servicing late notices as well as related postage expenses.

* The Accommodation Unit Regulatory Fee (AURF) is currently budgeted at $756/bedroom; $400/bedroom was charged in 2022. Per the Town of Breckenridge, this fee can be as high as $756/bedroom in 2023, which will be voted on as part of the Town’s annual budget process, to be completed by December 1st. BGV proactively reached out to the Town of Breckenridge and was advised to plan on $756/bedroom in 2023.

* As previously shared, the wage analysis determined that certain wage increases were necessary to ensure BGV continues to be the Employer of Choice in Summit County, which allows us to provide the quality and experience that our owners expect and deserve. These wage increases are reflected in the Housekeeping, Engineering, Guest Services, Activities, and Resort Operations line items as far as direct pass-through departments to the annual HOA operating budget as well as other indirect departments such as Owner Relations.

**Please refer to the next page for significant increases/decreases detail showing variances of $98K and up.**

**Dues Comparison:**

* Current Annual 2022 Dues: $*1,874.13* (per week in a 2-bedroom lock off)
* Proposed Annual 2023 Dues: $*2,122.41* per week in a 2-bedroom lock off)
* Total increase to the annual dues from 2022 to 2023: *$248.27 (13.25%)*

**Motion:** TO approve the proposed GL7OA 2023 budget

Made by: mike hedensten

seconded by: blake davis

Discussion:

* Benefit costs are going down in 2023 due to younger employees who are covered under their parent’s insurance.
* Employee benefits go into effect the first of the month after date of hire.
* BGV’s goal is to be within a 3% variance of proposed budget at year end
* Proposed cuts discussion included
  + Use an additional 125K in retained earnings
  + Taking more risk on AURF-suggest using $500 per bedroom, consensus to use $400/bedroom, instead of the proposed $756 per bedroom
  + HB22-1137 take more risk based on the unknown and use 50% of proposed increase amount
    - Potential for house bill to change in Q1
  + Take more risk on property tax as the valuation will not be assessed until spring.
    - Use 30% valuation increase
  + Costs continue to go up and therefore dues likely will continue to go up, however it is shown in the service that is provided-elite status through Interval International
  + Support was given of wage increases which will help employee retention

Final Result:

Dues Comparison:

* Current Annual 2022 Dues: $*1,874.13* (per week in a 2-bedroom lock off)
* Proposed Annual 2023 Dues: $*2,066.51* per week in a 2-bedroom lock off)
* Total increase to the annual dues from 2022 to 2023: *$192.38 (10.26%)*

**Motion:** TO approve the proposed GL7OA 2023 budget with the cuts/adjustments listed above

In favor: all

Opposed: none

ABSTAIN: none

**Grand Lodge on Peak 7 General Manager Report-October 2022**

The past year at Grand Lodge on Peak 7 has been an exciting year. We have had several new leaders join our team and the “fresh eyes” on property have resulted in several improvements to the overall quality of the resort as well as increased TripAdvisor rankings. The team continues to act on owner and guest feedback in order to continually enhance the vacation experience at Grand Lodge.

We are excited to share the following enhancements:

Property Improvements:

* The new lobby furniture has arrived, adding warmth and an elevated design aesthetic.
* New door openers have been installed in the South Building elevators. This improvement will significantly reduce elevator downtime and improve the vacation experience.
* Window treatments in the North Building residences have been upgraded to roller shades.
* Based off several requests, two Peloton bikes have been added to the Fitness Center.
* A food pantry has been added in the lobby, allowing owners and guests to share unopened food items with others.
* Complimentary Rokus are currently offered at the Front Desk for owners and guests interested in streaming services.
* A new key making system has been implemented. This is the first step toward offering mobile key access in addition to the current key wristbands.

Sustainability Efforts:

* We have partnered with EnergyPrint to provide a dashboard of electric and gas usage as well as suggestions to minimize and improve the property’s environmental impact.
* To offset expenses, we have implemented pricing for all electric vehicle charging stations, including increased idle fees.

Looking Ahead:

We are only weeks away from the Grand Lodge on Peak 7 property closure! As a reminder, the closure will be in lieu of our traditional multi-week block season where deep cleans and preventative maintenance are completed. The fall closure will begin after checkout on Sunday, October 23 and end at check in on Friday, October 28. In addition to being able to do more thorough maintenance on several mechanical systems, the following projects will be complete during this closure:

* New hallway carpet will be installed on the first floor of the North and South Buildings, Library and Conference Room.
* We have partnered with a new vendor to upgrade the games in the Family Fun Center.
* At the developer’s expense, the pedicure chairs in Soothe Spa will be replaced.
* New locks will be installed on all residence doors.
* A new television system will be implemented, which will allow casting, on demand movie rentals, and other upgraded technology improvements.
* The resort’s annual fire inspection will be conducted.
* New flooring will be installed in the Fitness Center.
* New artwork will be added to the ski area entrance.

In addition to the closure, we are looking forward to the following property improvements in 2023:

* Common area flooring
* Garage repairs, including garage door replacements and garage floor sealing
* Putting green replacement
* New bedroom chairs
* New living room furniture
* New living room lamps
* Three new electric vehicle charging stations

Leadership Updates:

 We are thrilled to welcome a few members of our team into new or elevated roles at Grand Lodge on Peak 7:

* Amber Danforth joins us as the Guest Services Manager. Amber has been a leader with BGV for several years, most recently serving as the Night Operations Manager at Grand Colorado on Peak 8.
* Jack Harvey and Amelia Anderson have both accepted Front Desk Supervisor roles. Both Jack and Amelia worked as valued Front Desk Associates prior to their promotions into leadership.

DISCUSSION:

* *Mobile keys and wristbands will both be available for owners and guests.*
* *New TV system will allow more mobile options including online directory.*
* *Shuttle service will be changing the app to a more user-friendly option.*
* *If owners and guests would like to report a maintenance issue, please contact the Front Desk using the texting option or dialing ‘0’ from your room. Additionally, post-stay survey is sent out and any maintenance request can be submitted through this option as well.*
* *Recommendation to put up “No Dogs Allowed” sign at playground to prevent dogs from peeing on the play set.*
* *Path along pool area is very slick in ski boots. Staff will explore options to improve conditions.*

**Comments to/from Staff**

* None at this time

**GL7OA Snapshot** **October 2022**

* GL7 Trip Advisor Stats:
* Currently at #3 of 24 properties under “Hotel” category
* 4.5 out of 5 stars
* To see recent reviews, please visit: <https://www.tripadvisor.com/Hotel_Review-g33327-d1887663-Reviews-Grand_Lodge_on_Peak_7-Breckenridge_Colorado.html>
* Continued excellence in all departments, Room and Amenity Cleanliness, Overall Accommodations & GNPS

|  |  |  |
| --- | --- | --- |
| **GL7 Service Score Comparison** | **Last Year’s Avg**  **9/1/2020-8/31/2021** | **This Year’s Avg**  **9/1/2021-8/31/2022** |
| **Front Desk** Staff | 9.17 | 9.18 |
| **Room Engineering** | 8.88 | 8.89 |
| **Housekeeping – Room Cleanliness** | 9.50 | 9.47 |
| **Housekeeping – Staff** | 9.17 | 9.17 |
| **Activities** | 9.02 | 8.76 |
| **Soothe Spa** | 9.28 | 9.37 |
| **Sevens** | 7.43 | 7.41 |
| **Shuttle** | 9.33 | 8.80 |
| **Overall accommodations** | 8.92 | 8.93 |
| **GNPS** | 67.55 | 65.10 |
| **GONPS** | 66.97 | 67.54 |

* Reserve studies 6.0% funded based on actual cash balances as of 8/31/21 for 30-year forecast:
  + GL7 unit – 8.3%, per most recent PRA
  + GL7 common – 7.6%, per most recent PRA
* % of dues allocated to reserves in 2022 for a 2 bedroom:
  + 13.8

**Grand Lodge on Peak 7 2023 Dues Comparison**

Valdoro Mountain Lodge Breckenridge 2 Bedroom $3,366 (2022)

The Ranahan by Welk Breckenridge 2 Bedroom $2,958 (540,000 points)

Hyatt Main Street Station Breckenridge 2 Bedroom $2,600 (2022)

**Grand Lodge on Peak 7 Breckenridge 2 Bedroom $2,067(2023 proposed)**

Marriott Mountain Valley Lodge Breckenridge 1 Bedroom $1,900 (2022)

GL7OA Annual Dues Increases:

|  |  |  |  |
| --- | --- | --- | --- |
| **Grand Lodge on Peak 7 Owners Assoc.** | | | |
| **Annual HOA Dues Analysis** | | | |
|  | 2 Bedroom |  |  |
|  | Annual | Annual | Annual |
| Year | Dues | $ Incr | % Incr |
| (Decr) | (Decr) |
| 2023  2022 | $2,066.51  $1,874.13 | $192.38  $130.93 | 10.26%  7.51% |
| 2021 | $1,743.20 | $126.38 | 7.10% |
| 2020 | $1,616.81 | $55.44 | 3.60% |
| 2019 | $1,561.37 | $98.29 | 6.70% |
| 2018 | $1,463.08 | $61.27 | 4.40% |
| 2017 | $1,401.81 | $88.80 | 6.80% |
| 2016 | $1,313.01 | $38.22 | 3.00% |
| 2015 | $1,274.79 | $94.01 | 8.00% |
| 2014 | $1,180.78 | $31.37 | 2.70% |
| 2013 | $1,149.41 |  |  |

* Increase to dues comparison:
  + 2014 – 2023 GL7 annualized dues increase – 8.0%
* Budget to Actual variance comparison (exclusive of retained earnings):
  + 2016 Total Budget $8,036,665
    - 2016 End of Year Op Fund Excess $57,277 - .7% of the total budget
  + 2017 Total Budget $8,644,223
    - 2017 End of Year Op Fund Excess $159,567 – 1.8% of the total budget
  + 2018 Total Budget $9,023,685
    - 2018 End of Year Op Fund Excess $81,677 – 0.9% of the total budget
  + 2019 Total Budget $9,539,605
    - 2019 End of Year Op Fund Excess $374,333 – 3.9% of the total budget
  + 2020 Total Budget $9,891,579
    - 2020 End of Year Op Fund Excess $579,426 – 5.9% of the total budget
  + 2021 Total Budget $10,422,694
    - 2021 End of Year Op Fund Deficit ($200,416) – 1.9% of the total budget
  + 2022 Total Budget $11,373,122
    - 2022 End of Year Op Fund Excess $136,501 – 1.2% of the total budget
  + 2023 Total Budget $13,248,042
  + Seven-year average budget to actual variance is 2.3

**Important Dates**

Suggested date for the next Board Meeting:

**Saturday, April 8, 2023**

* In person with remote option
* Property Tour – start time and location TBD
* Board Meeting – 9-11am (in-person and GoToMeeting participation options available)
* Lunch – 11:30am-12:30pm (for all in-person Board Meeting attendees)
* Annual Meeting – 1pm via GoToWebinar for all (no in-person participation)

Agreement Dates

Management Agreement:

* Initial term from 1/1/2020 – 12/31/2029
* Auto-renews for successive periods of 5 years
* Action for change required 180 days prior to renewal

Interval International Agreement:

* 12/31/2024
* No auto-renewal

Resale Agreement:

* 1/1/2018 and auto renews annually
* Auto-renews with 90 days written notice for change

External Reserve Study Update Due:

* 2026

Sevens Restaurant Lease:

* 2/4/2024 end of initial term with two 5-year tenant options to renew
* Action for change required no earlier than 365 days and no later than 180 days

**Review Current Action Items**

#81 - Updated G&A Expenses, along with an updated Illustrative Example of Management Fees will be shared with the Board and Advisory Committee at the fall Board meeting.  Additionally, the resulting MOU will be created and shared with the Board and Advisory Committee once fully executed.  This will be an ongoing action item. In process.

#83 – Look into Shuttle app gratuity options – We have explored this option with the shuttle management team and there is not an option to tip from the shuttle software program currently. Shuttle drivers do post their Venmo information on the shuttles, however. The management team is also exploring the possibility of new shuttle software and if there is a change, we will once again investigate the ability to pre-tip via the software. – Closed at the 10/11/22 Board meeting.

#84 - Investigate having fresher items in The Market – There are a limited number of fresh items in The Market currently, as we do not have high demand for these items and order as appropriate based on need. We are working with our vendor to offer more healthy options to stock in the market. – Complete. Closed at the 10/11/22 Board meeting.

#85 – Update the Agreements section to show Sevens lease amendments to include tenant two 5-year renewals – Complete.  Closed at the 10/11/22 Board meeting.

**Summary of New Action Items**

#86 - Look into signage for pet owners in play area

#87 - Look into additional signage of not using the putting green as bathroom for pets

#88 - Follow up on options for walkway by pool gate that is slick in ski boots

**ADJOURNMENT:**

Motion to Adjourn:

By: Mike Hedensten

Time: 4:07PM