

GL7OA 10.11.2023 BOARD MEETING MINUTES

Attendance:

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

Advisory Committee Members: Peter Strom, Angie Verburg, Jamie Keiffer

Staff: Joanni Linton, Kari Scarcelli, Joe Clark-Fulcher, Lindsay Reinwand, Peggy Helfrich, Amie Yoder, Dave Reinwand, Colin Timm

Call to Order

By: Linda Time: 2:04pm

MINUTES APPROVAL

BOARD ACTION REQUIRED

MOTION: TO APPROVE THE APRIL 8, 2023 MEETING MINUTES.

MADE BY: ROGER LEMMON

SECONDED BY: MIKE HEDENSTEN

DISCUSSION: NONE

IN FAVOR: ALL

OPPOSED: NONE

ABSTAIN: NONE

FINANCIALS / UPDATES

UNAUDITED FINANCIALS FOR GL7OA AUGUST 2023

Please find a summary for the GL7OA August 2023 unaudited financials.

- Overall, the Operating Budget shows an unfavorable variance of \$12,709 YTD.
- Operating Revenue shows an unfavorable variance of \$93,200 YTD.
- Operating Expenses show a favorable variance of \$80,491 YTD.

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

BOARD ACTION REQUIRED

MOTION: TO ACCEPT THE GL7OA AUGUST 2023 YTD UNAUDITED FINANCIALS

MADE BY: MIKE HEDENSTEN

SECONDED BY: BLAKE DAVIS

DISCUSSION: NONE

IN FAVOR: ALL

OPPOSED:

ABSTAIN:

Accounts Receivable Performance Update

GL7OA Summary Fall 2023



97% of dues paid as of 9/15/23 (97% as of 9/15/22)

EOY 2022:

98% of dues paid

- 29 deeds recovered via BGVARM

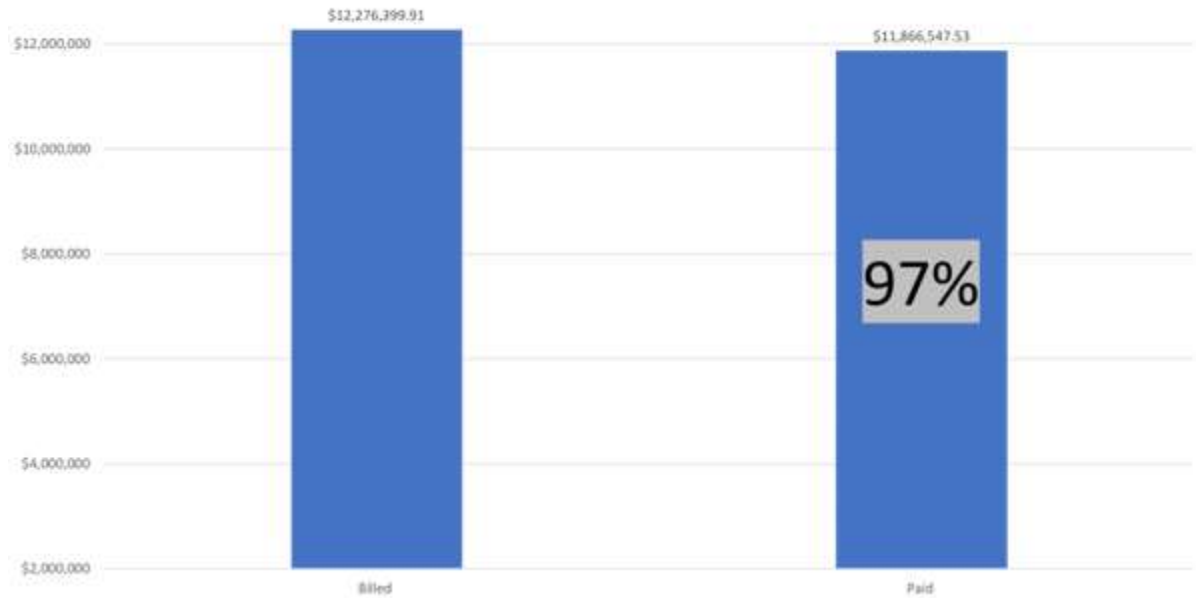
- \$58,097 in bad debt (16 accounts with past due balances when canceled)
- \$14,510 gained in deed in lieu income (6 accounts)

As of 9/15/23:

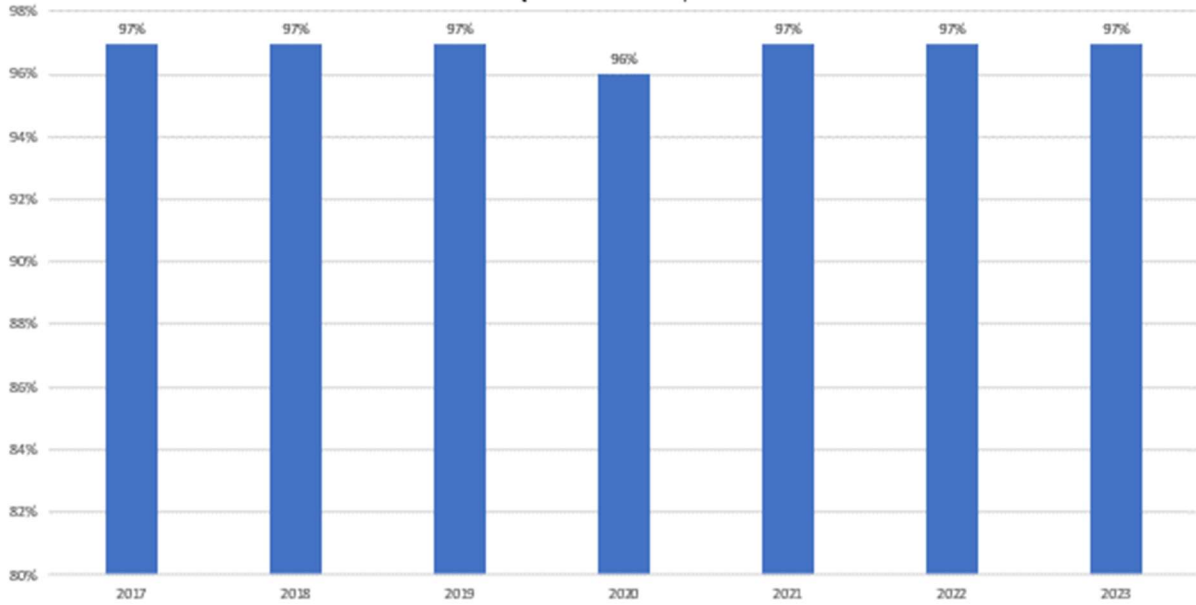
50 deeds recovered via BGVARM

- \$90,365 past due balance at the time of charge-off (23 accounts)
- \$9,648 gained in deed in lieu income (8 accounts)

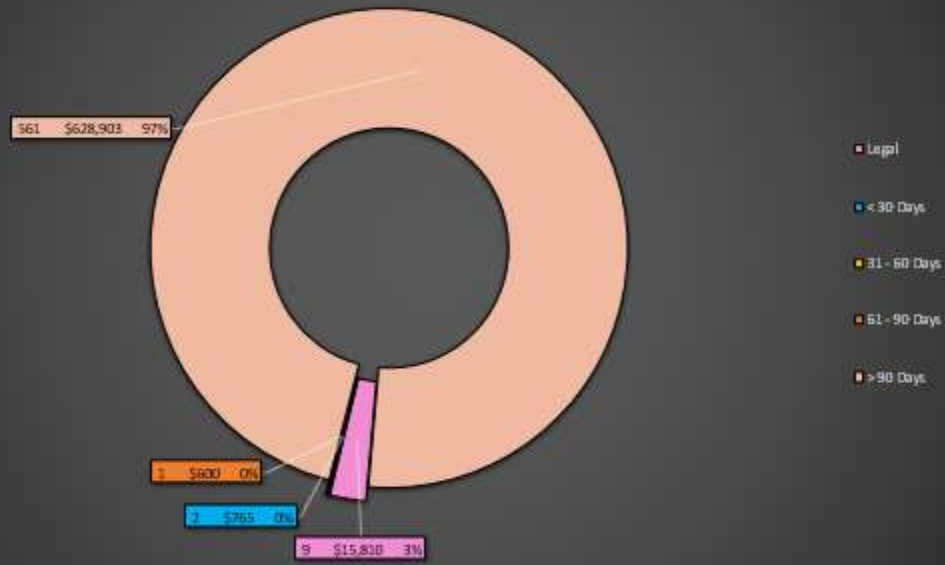
GL70A Dues Paid as of 9/15/23



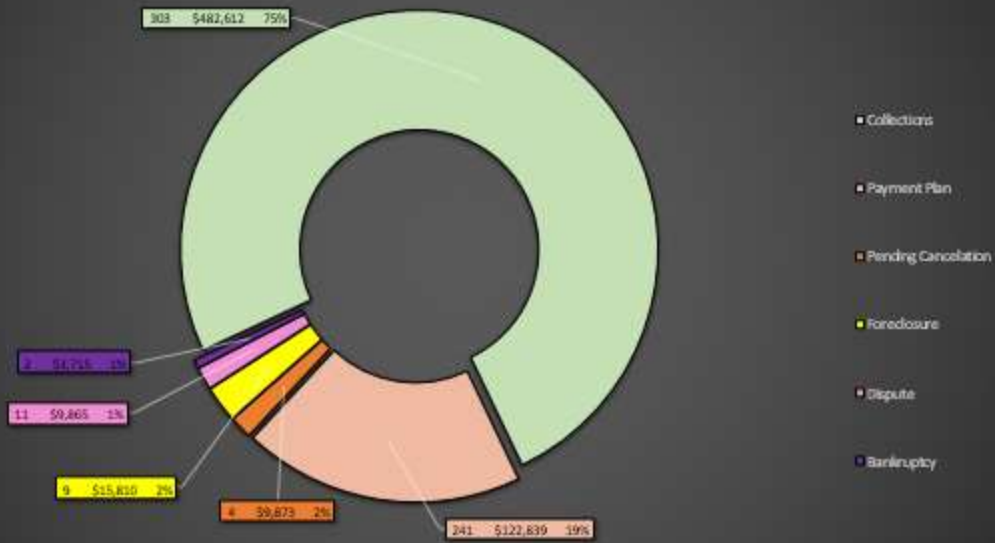
GL70A Dues Paid as of 9/15
(Year Over Year)



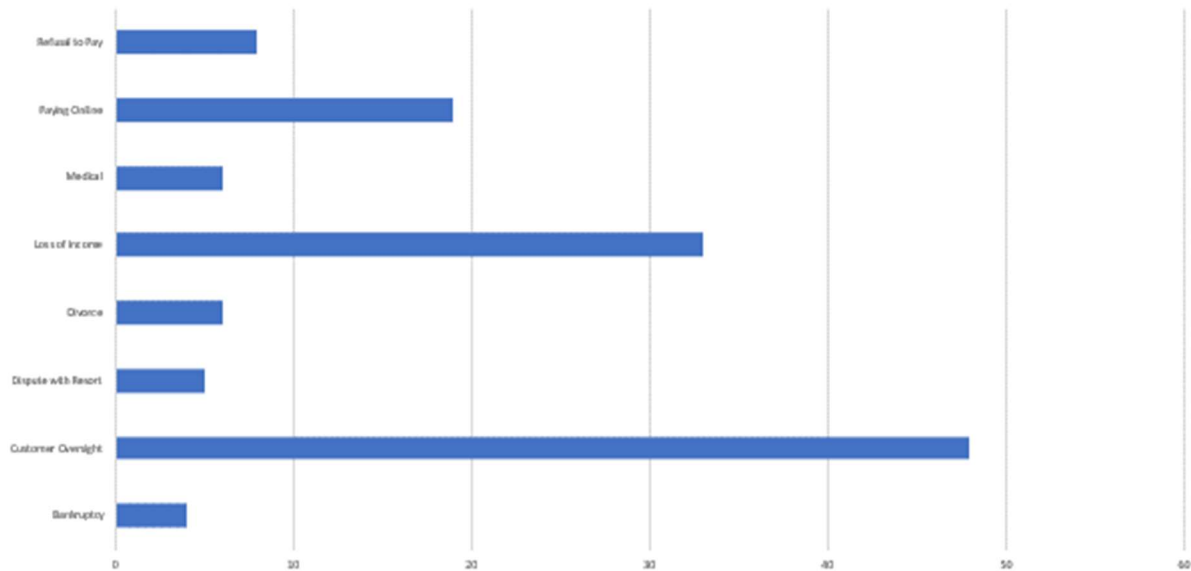
9/15/23 GL70A Total AR Portfolio Aging Composition



9/15/23 GL70A Greater Than 90 Days Past Due Composition



Reasons for Delinquency



Foreclosure List Approval

Per HB 22-1137, the list of foreclosures in process require Board approval. This list was shown on screen during the meeting, so that the Minutes will only illustrate the vote had been taken and protect owner names and privacy.

BOARD ACTION REQUIRED

MOTION: TO APPROVE THE FORECLOSURE LIST AS PRESENTED.

MADE BY: ROGER LEMMON

SECONDED BY: BLAKE DAVIS

DISCUSSION: NONE

IN FAVOR: ALL

OPPOSED: NONE

ABSTAIN: NONE

Reserve Review

Reserve Study Review October 2023

Grand Lodge on Peak 7 2023 Common Expenditures					
Description	Budget	Planned Expenditure	Cost Variance	Variance Notes	Status
Windows - Pool Area	\$15,914	\$0	\$15,914.00	Deferred project	Deferred
Common Areas Furniture, Fixtures and Equipment	\$19,725	\$5,000	\$14,725	Decreased scope of replacement	Complete
Vehicle Replacement	\$212,107	\$92,000	\$120,107	Deferring truck replacement	In progress
Common Area Flooring	\$192,611	\$196,318	-\$3,707	Cost of carpet slightly higher than budgeted	Complete
Salto Locks	\$3,183	\$3,183	\$0	Completed as expected	Complete
Housekeeping Equipment	\$6,166	\$6,166	\$0	Completed as expected	Complete
IT and A/V Replacements	\$14,352	\$0	\$14,352	Deferred project	Deferred
Putting Green	\$30,900	\$0	\$30,900	Deferred project	Deferred
Roofing Repairs - Annual	\$28,644	\$47,413	-\$18,769	Increased scope of project due to roofing leaks in the spring	Complete
Garage, Pool Decking and Walkway Repairs	\$304,489	\$305,968	-\$1,479	Increased material costs	Complete
Door Operators - Otis	\$47,380	\$47,380	\$0	Completed as expected	Complete
Contingency	\$20,000	\$20,000	\$0	Completed as expected	Complete
Composite Benches	\$15,914	\$0	\$15,914	Deferred project	Deferred
2022 Rollover (Locks, Security System, Ice Machines, TV system upgrades)	\$0	\$241,000	-\$241,000	Budgeted in 2022	In progress
Total	\$911,385	\$964,428	-\$53,043	Over due to the timing of 2022 projects	

Grand Lodge on Peak 7 2023 Unit Expenditures					
Description	Budget	Planned Expenditure	Cost Variance	Variance Notes	Status
Living Room Furniture Replacement	\$526,155	\$620,384	-\$94,229	Increased material cost	Complete
Unit Carpet Replacement	\$210,920	\$210,754	\$166	Increased material cost	In Progress - Fall Blocks
Paint	\$91,789	\$0	\$91,789	Deferred until 2024	Deferred
Bedroom Furniture Replacement	\$94,463	\$102,477	-\$8,014	Decreased material cost	In Progress - Fall Blocks
CO Detectors	\$24,931	\$24,931	\$0	Completed as expected	In Progress
Appliances PAR	\$92,461	\$87,544	\$4,917	Decreased material cost	In Progress
Contingency	\$15,000	\$15,000	\$0	Completed as expected	In Progress
2022 Rollover Projects (Platform Bed)	\$0	\$189,987	- \$189,987	2022 Budgeted Project with delayed shipping	In Progress - Fall Blocks
Total	\$1,055,719	\$1,251,077	- \$195,358		

Grand Lodge on Peak 7 2024 Unit Expenditures	
Appliances	\$79,490
Balcony Chairs and Tables - South Building	\$61,721
Bedroom Pillows	\$9,430
CO Detectors	\$43,260
Contingency	\$15,000
Entry Bench - PAR	\$4,797
Master Bedroom - Sitting Chair North Building	\$30,529
Ottomans	\$6,953
Paint	\$85,933
Total	\$337,113

Grand Lodge on Peak 7 2024 Common Expenditures	
Air Conditioning Replacement	\$43,775
Grand Entrance Door Replacement	\$21,218
Aquatics Equipment and Slide Replacement	\$125,244
Common Area Flooring	\$90,836
Common Area Furniture	\$29,149
Contingency	\$20,000
Elevator Door Operators	\$48,801
Electric Vehicle Ports	\$25,750
Exercise Equipment	\$123,600
Fence Replacement	\$30,292
Garage Door Replacement and Flooring	\$328,570
Building Mechanical Systems	\$128,412
Grill Replacement	\$30,710
Gutter/Downspouts - Annual Replacement	\$6,556
Housekeeping Closet and Supplies	\$98,498
Common Area Signage	\$107,659
Exterior Paint - South Building	\$120,551
Pool Resurfacing	\$54,913
Theater Seating - South Building	\$18,460
IT and A/V Replacements	\$77,590
Repair and Replace Trim	\$32,782
Total	\$1,563,366

Discussion included clarification on theatre seating replacement, clarification that the exercise equipment being replaced is the cardio equipment, clarification on additional EV charger cost and an update on the resurfacing project in the aquatics area was provided.

Club Rules and Regulations

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

To continue to align Bonus Time rates with operating costs, Breckenridge Grand Vacations (BGV) recommends a rate increase to the current Grand Lodge on Peak 7 (GL7) Bonus Time rates.

The updated rates shown below represent an increase between \$10 and \$30 on the nightly Bonus Time rates. BGV will educate owners about this rate change through a variety of communication channels.

Current				
GL7 Bonus Time				
	Spring/Fall Weekday	Spring/Fall Weekend	Winter/Summer Weekday	Winter/Summer Weekend
Suite	\$119.00	\$129.00	\$149.00	\$169.00
One Bedroom	\$139.00	\$159.00	\$179.00	\$199.00
Two Bedroom	\$159.00	\$189.00	\$209.00	\$259.00

Proposed				
	Spring/Fall Weekday	Spring/Fall Weekend	Winter/Summer Weekday	Winter/Summer Weekend
Suite	\$129.00	\$139.00	\$159.00	\$179.00
One Bedroom	\$149.00	\$169.00	\$199.00	\$219.00
Two Bedroom	\$189.00	\$209.00	\$239.00	\$269.00

Proposed GL7OA 2024 Budget and Summary

Grand Lodge on Peak 7 Owners' Association

Proposed 2024 Budget Summary

General Summary

Total Proposed 2024 GL7OA Budget: \$13,782,765 (6.8% increase worth \$872,960).

GL7OA started the current year with an audited Operating Fund Balance of approximately \$727K. GL7OA is forecasting an Operating Fund deficit of (\$223K) for 2023. A (\$375K) loss was approved in the 2023 budget which is expected to result in an ending 2023 Operating Fund Balance of approximately \$129K. Due to the forecasted nominal retained earnings balance, the proposed 2024 budget does not include an Operating Fund Surplus Reduction. However, it does include a Unit Reserve Fund Surplus Reduction in the amount of (\$400K).

Grand Lodge on Peak 7 Owners Association		Operating Fund		
Operating Fund Rollforward:		Budget	Forecast	Variance
2022 Ending Operating Fund - audited		\$ 727,120	\$ 727,120	\$ -
2023 Fund Surplus Reduction - budgeted		(375,000)	(375,000)	-
2023 Excess (Deficiency) of Revenues				
Over Expenses - forecasted		-	(223,166)	(223,166)
2023 Ending Operating Fund		\$ 352,120	\$ 128,954	\$ (223,166)

The primary reasons for the material budget expense increases are due to uncontrollable variables in the line items of Insurance, Property Tax and TOB BOLT & AURF Fees. The 2023 GL7OA budget included risk within each of these line items.

- Insurance – The 2023 insurance expense forecast is in excess of the 2023 budget by approximately \$64K and the premium is expected to increase again in 2024. The proposed 2024 insurance expense reflects a 10% increase from the 2023 forecast. However, our insurance consultant has advised that premiums could increase as high as 25% from 2023 forecast. Staff looks forward to discussing this line item during the budget review.

- **Property Tax** - The 2023 property tax expense forecast is in excess of the 2023 budget by approximately \$182K as 2023 was a valuation year that resulted in residential valuations increasing by as much as 60%. BGV engaged a consultant to protest the valuation increase, however there was no avenue identified to successfully protest the valuations. There are still property tax initiatives that could impact the 2023 forecast, including mill levies and Proposition HH, a proposed property tax relief plan. The proposed 2024 property tax expense is flat compared to the 2023 forecast because valuations occur once every two years. Staff looks forward to discussing this line item during the budget review.
- **TOB BOLT & AURF Fees** - The 2023 TOB BOLT & AURF Fees expense forecast is in excess of the 2023 budget by approximately \$83K. The Accommodation Unit Regulatory Fee (AURF) was budgeted at \$400/bedroom in 2023, however the Town of Breckenridge voted to increase this to \$756/bedroom in December 2022 after the 2023 GL7OA budget was approved. The AURF is expected to remain flat in 2024.

New this year, the proposed budget also includes the reallocation of the employee retention bonus in the pass-through departments, which was previously included in the allocated GL7OA General and Administrative expenses. The compensation analysis that was conducted to resolve prior years' staffing shortages revealed comparable employers in our local market offer some type of bonus (or ski pass in lieu of a bonus.) As such, this change allows better tracking of the total cost of compensation and is worth approximately \$150K per year.

Please note that an immaterial budgeting error was identified in the Housekeeping Cleaning line item which affected the dues billing for the last few years. This has been corrected in the proposed 2024 budget. As such, the 2024 dues increase for two-bedroom, three-bedroom and four-bedroom unit types is greater than suites and one-bedrooms, as illustrated below. To prevent this error from recurring, we now have safeguards in place to ensure that the dues increase percentage is consistent for all unit types beginning in 2024 and beyond.

Per the 2022 audited financial statements, the unit reserves were funded at 8.15% of the estimated future replacement costs. Additionally, there are minimal unit projects scheduled in 2024. The combination of these two items supports a \$400K transfer from the Unit Reserve Fund to the Operating Fund. The transfer is expected to maintain a forecasted Unit Reserve Fund balance of 5.39%. Per the GL7OA governance policy, it is recommended to fund the reserves at a minimum of 2% of total estimated future replacement costs. This transfer is reflected in the proposed 2024 budget. Staff looks forward to discussing this proposal during the budget review.

Dues Comparison:

<u>Unit Size</u>	<u>2023 Dues</u>	<u>2024 Proposed</u>	<u>Dues Increase</u>	<u>Dues % Increase</u>
Suite	\$ 899.36	\$ 960.41	\$ 61.05	6.8%
One Bedroom Annual	\$ 1,216.78	\$ 1,299.37	\$ 82.59	6.8%
Two Bedroom Annual	\$ 2,066.51	\$ 2,258.48	\$ 191.97	9.3%
Three Bedroom Annual	\$ 2,944.78	\$ 3,218.33	\$ 273.55	9.3%
Four Bedroom Annual	\$ 4,133.02	\$ 4,516.95	\$ 383.93	9.3%

BOARD ACTION REQUIRED

MOTION: TO APPROVE THE PROPOSED GL7OA 2024 BUDGET INCLUDING THE TRANSFER OF \$400K FROM UNIT RESERVES TO THE OPERATING FUND, INCLUDING THE 15% UPDATE TO THE INSURANCE LINE ITEM.

MADE BY: ROGER LEMMON

SECONDED BY: MIKE HEDENSTEN

DISCUSSION: Increasing the insurance line item from a 10% to 15% increase was discussed and approved, resulting in a \$5.24 increase to 2-bedroom dues from the originally proposed budget in anticipation of the premium increase in 2024. The passive revenue stream that can come from cell tower companies installing towers or boosters is also discussed.

IN FAVOR: ALL

OPPOSED: NONE

ABSTAIN: NONE

Action Item: BGV to investigate cell tower/boosters as potential revenue stream.

GRAND LODGE ON PEAK 7 OWNERS ASSOCIATION		2024 Budget vs. 2023 Budget & 2023 Forecast							> \$20,000 and 10%	
2024 BUDGET										
					Incr (Decr)			Incr (Decr)		
		Proposed			2024 Budget			2024 Budget		
		2024	% of Total	2023	To 2023 Budget	2023		To 2023 Forecast		
		Budget	Dues	Budget	\$'s	%'s	Forecast	\$'s	%'s	NOTES - Incr (Decr) for all variances
Revenue										
	Total Revenue	14,448,829		13,551,153	897,676	6.6%	13,552,419	896,409	6.6%	All revenue for Grand Lodge on Peak 7 Owners' Association.
	Total Revenue	14,448,829		13,551,153	897,676	6.6%	13,552,419	896,409	6.6%	
Expenses										
7142-00	Guest Services	1,079,646	7.8%	975,698	103,948	10.7%	981,465	98,181	10.0%	The 2024 budget is increased to 2023 budget and forecast due to labor increases.
7148-00	Activities	29,327	0.2%	7,385	21,942	297.1%	37,296	(7,969)	-21.4%	The 2024 budget is increased to 2023 budget and forecast due to labor increases.
7190-00	Insurance	722,940	5.2%	592,885	130,055	21.9%	656,964	65,976	10.0%	The 2023 unfavorable forecast variance to 2023 budget is due to the 23/24 premium coming in higher than budgeted. The 2024 is increased to 2023 forecast due to an anticipated increase to the 24/25 premium.
7240-00	Property Tax	798,731	5.8%	617,015	181,716	29.5%	798,731	-	0.0%	The 2023 forecast and 2024 budget is unfavorable to the 2023 budget due to valuations increasing higher than budgeted and to the tax rate being higher than budgeted. We engaged a consultant on contingent fee basis to look into appealing the revaluations but this did not result in a reduction.
7430-00	Unit Electric	346,740	2.5%	312,571	34,170	10.9%	339,942	6,799	2.0%	The 2023 unfavorable forecast to 2023 budget is due to increased electric costs. The 2024 budget increase to 2023 budget and variance is per vendor guidance.
7460-00	BMMA Dues	94,236	0.7%	65,513	28,723	43.8%	62,640	31,596	50.4%	The 2023 unfavorable forecast variance to 2023 budget is due to a blended billing year (Aug 22-Jul 23) and (Aug 23-Jul 24). The most recent billing in Aug 23 reflected a material increase in dues because of the county residential property revaluations.
7462-00	TOB BOLT & AURF Fees	185,555	1.3%	102,750	82,805	80.6%	185,555	(0)	0.0%	The 2023 unfavorable forecast to 2023 budget is due to the increase of the AURF fee from \$400 to \$756/bedroom. The 2024 budget is flat to 2023 forecast because this fee is not anticipated to increase.
1000-00	Operating Fund Surplus Reduction	-	0.0%	(375,000)	375,000	100.0%	(375,000)	375,000	100.0%	The 2024 budget decrease is due to the 2023 forecasted low operating fund balance.
1010-00	Unit Reserve Fund Reduction	(400,000)	-2.9%	-	(400,000)	0.0%	-	(400,000)	0.0%	Due to the 2023 forecasted low operating fund balance, we are recommending transferring \$400K from Unit Reserves to keep all dues below 10%
	Other Expenses	11,591,653	84.1%	11,252,336	339,317	3.0%	11,087,992	503,661	4.5%	All other expenses for Grand Lodge on Peak 7 Owners' Association.
	Total Expense	14,448,829		13,551,153	897,676	6.6%	13,775,585	673,243	4.9%	
	Net Income / (Loss)	\$ -		\$ -	\$ -		(223,166)	\$ 223,166		The 2023 forecasted Operating Fund unfavorable variance is worth 1.6% of the total budget.

Illustrative Example																					
GL70A Annual Budget and Mgmt Fees																					
2016 - 2029																					
[No Loan Option]																					
Illustrative 8yr Cover of Allocated G&A Expenses																					
		4.0%	Management Fees			Uncovered															
		Allocated	Mgmtnt	% Increase	% of	(Recovered)				Incremental				Annual	Total Dues			Mgmtnt Fee		All Other Exp	
Year	Year #	G&A Exps	Fees	Mgmtnt Fees	Budget	G&A Expenses	% Uncovered	% Covered	% Recovered					Budget	\$ Incr	% Incr		\$ Incr	% Incr	\$ Incr	% Incr
2016														\$ 7,964,875							
2017														\$ 8,601,601	\$ 636,726	8.0%					
2018														\$ 9,022,918	\$ 421,317	4.9%					
2019														\$ 9,471,550	\$ 448,632	5.0%					
2020			\$ 335,923		3.4%									\$ 9,891,579	\$ 420,029	4.4%					
2021	0	\$ 1,026,396	\$ 511,865	52.4%	4.9%	\$ 514,531	50.1%	49.9%						\$ 10,422,694	\$ 531,115	5.4%	\$ 175,942	1.8%	\$ 355,173	3.6%	
2022	1	\$ 1,207,590	\$ 753,175	47.1%	6.6%	\$ 454,415	37.6%	62.4%	12.5%					\$ 11,373,122	\$ 950,428	9.1%	\$ 241,310	2.3%	\$ 709,118	6.8%	
2023	2	\$ 1,486,456	\$ 1,112,911	47.8%	8.6%	\$ 373,545	25.1%	74.9%	12.5%					\$ 12,909,805	\$ 1,536,683	13.5%	\$ 359,736	3.2%	\$ 1,176,947	10.3%	
2024	3	\$ 1,289,014	\$ 1,126,213	1.2%	8.2%	\$ 162,801	12.6%	87.4%	12.5%					\$ 13,782,765	\$ 872,960	6.8%	\$ 13,301	0.1%	\$ 859,658	6.7%	
2025	4	\$ 1,340,574	\$ 1,340,574	19.0%	8.9%	\$ -	0.0%	100.0%	12.6%					\$ 15,099,747	\$ 1,316,983	9.6%	\$ 214,361	1.6%	\$ 1,102,621	8.0%	
2026	5	\$ 1,394,197	\$ 1,533,617	14.4%	9.3%	\$ (139,420)	-10.0%	110.0%	9.3%					\$ 16,500,770	\$ 1,401,022	9.3%	\$ 193,043	1.3%	\$ 1,207,980	8.0%	
2027	6	\$ 1,449,965	\$ 1,739,958	13.5%	9.7%	\$ (289,993)	-20.0%	120.0%	19.3%					\$ 18,027,172	\$ 1,526,403	9.3%	\$ 206,341	1.3%	\$ 1,320,062	8.0%	
2028	7	\$ 1,507,964	\$ 1,988,169	14.3%	10.1%	\$ (480,206)	-31.8%	131.8%	31.9%					\$ 19,717,558	\$ 1,690,385	9.4%	\$ 248,211	1.4%	\$ 1,442,174	8.0%	
2029	8	\$ 1,568,282	\$ 2,163,955	8.8%	10.1%	\$ (595,672)	-38.0%	138.0%	39.6%					\$ 21,470,747	\$ 1,753,190	8.9%	\$ 175,785	0.9%	\$ 1,577,405	8.0%	
		\$ 12,270,437	\$ 12,270,437																		
		Net (Profit) Loss	\$ -			Sub Total Uncovered	\$ 1,505,291	(yrs 0-4)													
						Sub Total Recovered	(1,505,291)	(yrs 5-8)													
						Net (Profit) Loss	\$ -														
* The information above is intended to serve as an illustrative example of potential future annual budgets and management fees. Actual amounts may be higher or lower than those projected.																					

Strategic Budget Plan

As agreed upon in previous years, we have updated the GL7OA allocated General and Administrative expenses as well as the Illustrative Example of Management Fees for 2024. 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.

	GL7 2024	GL7 2023	2023 to 2024 \$ Variance	2023 to 2024 % Variance
Accounting	\$ 158,386	\$ 193,461	\$ (35,075)	-18.1%
Accounts Receivable Mgmt	125,099	121,431	3,667	3.0%
Analytics	34,404	46,201	(11,797)	100.0%
Employee Retention Bonus	-	149,596	(149,596)	-100.0%
Compliance	57,119	52,346	4,773	9.1%
Contracts	8,590	8,110	480	5.9%
Creative Services	5,624	4,840	784	16.2%
Employee Experience (was Culture & Talent)	85,467	88,489	(3,022)	-3.4%
Human Resources	265,474	267,904	(2,430)	-0.9%
Information Technology	496,115	501,691	(5,576)	-1.1%
Sustainability	52,736	52,386	350	0.7%
Subtotal	1,289,014	1,486,456	(197,442)	-13.3%
HOA Budgeted Management Fee	(1,126,213)	(1,112,911)	(13,301)	1.2%
Total G&A Developer Contribution	\$ 162,801	\$ 373,544	\$ (210,744)	-56.4%

GENERAL MANAGER REPORT

Grand Lodge on Peak 7 General Manager Report

October 2023

We have recently completed another exceptionally busy and thrilling summer season at the Grand Lodge on Peak 7 (GL7). Our dedicated team remains committed to actively listening to owner and guest feedback to discover opportunities for enhancing and elevating the overall vacation experience. We are happy to share that Grand Lodge on Peak 7 was selected as a Trip Advisor 2023 Travelers' Choice Best of the Best winner. This award is given to the top 1% of hotels worldwide. The Grand Lodge on Peak 7 was recognized as the #17 family friendly resort in the United States.

The Grand Lodge on Peak 7 has had exciting new additions to our leadership team, which include:

- Aaron Minglin was promoted in July to Engineering Manager. With a wealth of experience at Breckenridge Grand Vacations (BGV) and GL7, as well as previous engineering management roles at other luxury properties, Aaron brings a strong foundation to his new position. Since

assuming this role, Aaron's project-oriented mindset has already yielded several notable improvements within a short period of time. We are excited for the continued growth and impact Aaron will bring to his new role.

- We are thrilled to welcome Leo Alvarez as our new Housekeeping Manager. With his previous experience as the Housekeeping Manager at Grand Timber Lodge, Leo has demonstrated exceptional leadership skills and a remarkable ability to maintain high standards of cleanliness and service while minimizing turnover. We are confident that Leo's strong leadership and commitment to excellence will have a significant impact on our team and further enhance the vacation experience at GL7.
- Tyler Bryant has accepted the role of Assistant Guest Services Manager. Tyler joined the team in August and used his previous experience as a supervisor at Grand Timber Lodge to hit the ground running. Tyler is passionate about customer service, and he has been a great leader and trainer for our Guest Services Team. Tyler was recently recognized for his outstanding performance at the BGV Leadership Summit where he received the Superior Service Leader Award.

From a general staffing perspective, we are pleased to report that our staffing levels have shown significant improvement compared to 2022. Notably, most of our new hires have been a result of employee referrals, highlighting the trust and confidence our team members have in recommending qualified candidates. Additionally, we have successfully maintained a consistent practice of promoting talent from within the BGV organization, allowing for internal growth opportunities and reinforcing our commitment to fostering a thriving workforce.

- The Housekeeping Team is the most consistently staffed department.
- While Engineering has had some turnover with longer tenured employees, we have hired more experienced Engineering Technicians and have consistently been promoted from within BGV.
- Guest Services is pleased to have a better applicant pool as this department is also experiencing high turnover with employees transferring to other BGV departments. The Guest Services Management Team is currently focusing on retention and identifying ways to increase time in the associate-level position.

We maintain an unwavering commitment to sustainability and are constantly seeking opportunities to offset our environmental impact. Below, you will find a list of initiatives we have successfully implemented:

- Breckenridge Grand Vacations and the Grand Lodge on Peak 7 were recipients of the Environmental Protection Agency (EPA) Region 8 Pollution Prevention Recognition Award. This award was given for the modifications made to the GL7 snowmelt system which lowered the natural gas usage resulting in fewer greenhouse gas emissions and energy savings for the GL7OA.
- The snowmelt changes have saved the GL7OA approximately \$14K or 12% year over year through July 2023. This has occurred even with more snow and colder winter temperatures.
- A weather station was recently added at GL7 to continue to improve the accuracy of the snowmelt system, which will result in greater savings.

- Replacement furniture that we were unable to sell was donated to various non-profits in Summit County and the Front Range.
- Two electric vehicle stations were recently added, which will also increase revenue for the GL70A.

Our team has devoted significant effort to enhancing owner and guest feedback to elevate the vacation experience. As such, we have successfully implemented numerous improvement projects and initiatives. Some of these noteworthy upgrades include:

- Replaced living room furniture in the North Building
- Replaced platform beds throughout the resort
- Hallway carpet replacement throughout the property
- Upgraded the in-room entertainment system, which now includes Netflix, Showtime, and Hallmark channel streaming as well as DIRECTV on Demand
- Resurfaced the indoor pool deck, the outdoor Fitness Center deck, and the outdoor Family Fun Center deck
- Resurfaced and waterproofed a portion of the ground level garage, eliminating leaks to the basement level
- Added a waffle bar in Activities, which has increased revenue and generated interest in the Escape Room and other activities
- Added a water station in the Grand Lobby

We are eagerly looking ahead to an exciting lineup of future projects and initiatives. Here is a look into some of the anticipated endeavors that will shape the GL7 experience:

- BGV will take over GL7 lobby bar operations from Sevens
- Casting capabilities will be added to the in-room entertainment offerings
- Replacing residence carpet in the North Building
- New Escape Room theme
- New chairs in the master bedrooms in the South Building
- Upgrading residence locks
- Replacing cardio equipment in the Fitness Center
- Resurfacing the outdoor pool area deck and surrounding walkways
- Resurfacing and waterproofing the remainder of the ground level garage
- Replacing movie theater chairs
- Continuing replacement of hallway carpet
- Improving Day Use and Spa Locker Room locks

NEW BUSINESS

GL70A Rules and Regulations Update

Electric bikes have lithium batteries which are fire hazards. As such, we have been advised by our insurance consultant that they should be prohibited inside the property and must be charged and

stored appropriately. Therefore, we propose this addition to the Use Restrictions of the Rules and Regulations.

32. Electric bike batteries must be charged and stored appropriately and may not be brought inside property.

BOARD ACTION REQUIRED

MOTION: TO APPROVE THE PROPOSED UPDATE TO THE RULES AND REGULATIONS REGARDING PROHIBITING ELECTRIC BIKE BATTERIES INSIDE PROPERTY, INCLUDING GARAGES AND BALCONIES.

MADE BY: ROGER LEMMON

SECONDED BY: MIKE HEDENSTEN

DISCUSSION: It is asked if the rules and regulation update should be more specific to state that the garages and balconies are considered inside property. The motion was amended to include garages and balconies. Board/AC consensus that a solution does need to be found due to the popularity of e-bikes.

IN FAVOR: ALL

OPPOSED: NONE

ABSTAIN: NONE

Miscellaneous

Comments to/from Staff

None at this time

GL7OA Snapshot October 2023

- GL7 Trip Advisor Stats:
 - Maintained the #3 of 24 properties under “Hotel” category for the duration of the year
 - 4.5 out of 5 stars
 - 2023 Best of the Best winner
 - To see recent reviews, please visit: [GRAND LODGE ON PEAK 7 - Updated 2023 Prices & Hotel Reviews \(Breckenridge, CO\) \(tripadvisor.com\)](#)
- The below service score chart differs from prior Snapshots due to a shorter survey sent to owners and guests as of May 2023. This change has boosted response rates and yielded more valuable feedback.
- Currently the GL7 team’s goal is to move passive scores to promoter scores through more personalized experiences and wow moments.

GL7 Service Score Comparison	Last Year's Avg 5/1/2022 - 9/30/2022	This Year's Avg 5/1/2023 - 9/30/2023
Common Areas and Amenities		9.04
Room Accommodations		8.77
Resort Staff		9.11
NPS Scores	65.40	61.37
ONPS Scores	68.85	62.55

- Reserve studies % funded based on projected fund balances as of 8/31/23 for 30-year forecast:
 - GL7 unit – 7.6%
 - GL7 common – 3.1%
- 2024 % Increase to the Dues Breakdown (2BR Annual):
 - Operating Fund – 10.5% of total increase
 - Unit Reserve – 1.5% of total increase
 - Common Reserve – 2.5% of total increase
 - Total Reserve – 4% of total increase

Grand Lodge on Peak 7 2024 Dues Comparison

Valdoro Mountain Lodge	Breckenridge 2 Bedroom	\$3,366 (2023)
The Ranahan by Welk	Breckenridge 2 Bedroom	\$2,958 (540,000 points)
Hyatt Main Street Station	Breckenridge 2 Bedroom	\$3,173 (2023)
Grand Lodge on Peak 7	Breckenridge 2 Bedroom	\$2,258 (Proposed 2024)
Marriott Mountain Valley Lodge	Breckenridge 1 Bedroom	\$1,900 (2023)

- GL7 Annual Dues Increases:

Grand Lodge on Peak 7 Owners Assoc. Annual HOA Dues Analysis 2 Bedroom			
Year	Annual Dues	Annual \$ Incr (Decr)	Annual % Incr (Decr)
2024	\$2,258.48	\$191.97	9.29%

2023	\$2,066.51	\$192.38	10.27%
2022	\$1,874.13	\$130.93	7.51%
2021	\$1,743.20	\$126.39	7.82%
2020	\$1,616.81	\$55.44	3.55%
2019	\$1,561.37	\$98.29	6.72%
2018	\$1,463.08	\$61.27	4.37%
2017	\$1,401.81	\$88.80	6.76%
2016	\$1,313.01	\$38.22	3.00%
2015	\$1,274.79	\$94.01	7.96%
2014	\$1,180.78	\$31.37	2.73%
2013	\$1,149.41	\$140.63	13.94%
2012	\$1,008.78	\$88.86	9.66%
2011	\$919.92	\$125.05	15.73%
2010	\$794.87	\$95.81	13.71%

- Increase to dues comparison:
 - 2014 – 2024 GL7 annualized dues increase – 6.7%
- 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 Deficit (\$324,750) – 2.8% of the total budget
 - 2023 Total Budget \$12,909,805
 - 2023 End of the Year Op Fund Deficit (\$223,166) – 1.7% of the total budget
- Seven-year average budget to actual variance is 2.6

Important Dates

Suggested date for the next Board and Annual Meetings:

Saturday, April 6, 2024

- 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:

- 4/30/2024 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(11/2/23)

ACTION ITEMS

Review Current Action Items

- Action Item #89: BGV will reach out to Roger to continue sustainability conversation with our Sustainability and Engineering teams. *Lindsay emailed Emily Kimmel, the BGV Recycling and*

Sustainability Manager. Emily and Roger have been in communication with each other and are working on a meeting date. Closed at the 10/11/23 board meeting.

- Action Item #90: Look into replacing the grill gate in the grotto. *The grill gate has been replaced. Closed at the 10/11/23 board meeting.*
- Action Item #91: Look into changing the locker locks in locker rooms. *The GL7 management team is currently investigating the best solution for locker locks and testing sample products. In process.*
- Action Item #92: Look into changing the lighting in the steam room to a softer light. *The team continues to research and try new products to soften the steam room lighting. In process.*
- Action Item #88 cont: Add signage for walkway by pool deck (continuation of current action item #88). *This has been completed. In addition to the signs, the Engineering Team added a clear coat sealant with non-slip material to the walkway. Closed at the 10/11/23 board meeting.*
- Action Item #93: Look into bringing clock back on the wall at the adult hot tub. *A larger, more weather resistant clock has been added to the building which is visible from all hot tubs. Closed at the 10/11/23 board meeting.*
- Action Item #94: Look at adding a stretching unit in the fitness center. *The stretching unit has been added to the fitness center. Closed at the 10/11/23 board meeting.*
- Action Item #95: Look at adding steel plates to pillar in fitness center. *The Engineering Team added extra support behind the drywall to reinforce the pillar and prevent damage from recurring. Closed at the 10/11/23 board meeting.*
- Action Item #96: Look into adding full length mirrors in all units. *We are currently working with our interior designers on a full-length mirror option that would be appropriate in all guest rooms. In process.*
- Action Item #97: Look into adding signs in units that include cost of robes. *Robe signs have been added in each room. Closed at the 10/11/23 board meeting.*
- Action Item #98: Look into cost of having Annual Meetings in person again. *Estimates for conference room reservations, F & B services, etc. are approximately \$5K for the Annual Meeting and reception, in addition to the cost of the in-person Board meeting. It is also not guaranteed that conference rooms will be available. BGV recommends not pursuing in person Annual Meetings. Closed at the 10/11/23 board meeting.*
- Action Item #99: Look at replacing ping pong table and re-felting pool table. *The ping pong table and pool felt have been replaced. Closed at the 10/11/23 board meeting.*

- Action Item #100: Look into placement of foosball table. *The foosball table has been moved to make better use of the space. Closed at the 10/11/23 board meeting.*

Summary of New Action Items

Action Item: BGV to investigate the option of cell towers/boosters as potential revenue stream.

Action Item: Determine appropriate way to store e-bikes or e-bike batteries and implement solution.

ADJOURNMENT:

Motion to Adjourn:

By: Linda Cole

Time: 3:38pm