

TMVRC OWNERS' ASSOCIATION, INC.

(TMVRC)

June 3rd, 2024

Board Meeting Minutes

- **Call to Order**

Bryan Woody called the meeting to order at 12:07pm.

Minutes Services confirmed that this meeting was being recorded.

- **Establish Quorum**

Board members present included:

Bryan Woody, Michael Zarrilli, Michael Wagner, and Chad Arkoff.

Quorum was established.

Also in attendance:

Brent Prokaski

Caroline Oppenheimer

Chelsea Buckland

Dee Ann Baggett

Jim Shoriak

John Keating

Julie Vergari

Kristen Green

Matt Gallant

Mckinley Hale

Nadine Norene

Neene Stone

Patrick Latcham

Sandra Jean

Stephanie Van Heyde Phillips

Steve Smith

Kathy Harmony

Ski Valet

Kerry Youngerman

- **Review and Approval of April 1st, 2024, Board Meeting Minutes**

Bryan Woody requested the removal of the word "commercial" from both the header and body under insurance requirements and corrected the mistyped acronym TMDRC. Kristen noted the changes.

Michael Zarrilli motioned to approve the April 1st, 2024, Board meeting minutes with the changes listed above; Chad seconded; the motion passed; all were in favor; the April 1st minutes were approved and will be uploaded to the website following the edits, along with the video recording.

- **Q1 Financials**

The board reviewed the first quarter financials for TMVRC. Brent Prokaski reported a \$75,000

surplus, primarily due to conservative gas pricing estimates and favorable electricity usage. Savings were also noted in the Homeowner Association Manager expense, with McKinley-Hale reducing hours and Kristen's higher allocation to other properties. Accounting savings were realized due to staff allocation changes and a reduced full-time equivalent position.

However, insurance expenses were higher than budgeted due to allocations for liability and property insurance. Maintenance costs, particularly for snow removal, exceeded expectations. Brent highlighted adjustments in March, including the reallocation of BMW house car costs and correcting housekeeping labor invoice errors.

The balance sheet showed a healthy cash balance, with \$750,000 invested in CDs at a 5.25% APR. Delinquencies were managed, with most outstanding payments being small amounts. Brent noted that the log chinking payments were slightly delayed, with a \$14,000 payment expected soon.

- **2024 Reserve Progress**

The board discussed the reserve progress for the year, with \$841,000 budgeted for the facility. They completed the Wi-Fi system upgrade, adding access points and conducting a heat map of the building. The project was expected to finish well under budget.

Wayfinding and exterior signage were manufactured but not yet installed due to timing; installation was planned for the fall closure. The refresh of Camp Madeleine and sourcing of residential mailboxes were deferred to fall.

Steve Alley's renovation was nearly complete, with new flooring, paint, and manufactured FF&E and millwork expected to be ready within 30 days for the ski season. The fitness center received rubber flooring under budget, with plans to replace wall sconces in the fall while foregoing mirror replacements and additional paint to save on reserves.

Joseph Owens, on a day off, had ordered the Chiller VFD via Diken, with the automated building system upgrade scheduled for fall. Pool furniture cushions and FF&E were replaced, nearly 50% under budget, except for the bar stools.

The major project of replacing timbers on the exterior of the 38th building, budgeted at \$126,000, was pending formal bids from two contractors. The snowmelt system on the roof received work, with heat tape replaced on most of the 38th building and tile repairs planned for the fall closure.

- **2024 Market Outlook**

The board discussed the market outlook, noting an anticipated softer summer following the 50th-year celebrations of Bluegrass and the Film Festival. The regional lodging industry was projected to be down nearly double digits annually, but TMVRC was only down single digits, forecasting a 1-2% decline for Q3. Last year's performance was relatively flat, and 2024's top-line room revenue for the residences was expected to remain flat. Patrick Latchman and TMVOA were expected to provide updated data points soon, which would be shared with the board and the larger community. Despite regional concerns, Madeline was not significantly impacted.

- **Construction Update**

The board discussed construction updates, noting that 18 residences were under construction this off-season, none of which were fully complete. Quiet hours were enforced, and contractors were managed to minimize disturbances. Despite a few disruptions, efforts were made to handle these on a case-by-case basis involving both the Madeline employee crew and seven independent residences.

The Crest Club, Key Valley, and town and mountain village civic bathrooms under the spa facility were also progressing well. The goal was to complete most construction by early July, with some furniture deliveries pending.

Michael Zarrilli inquired about security incidents or contractor issues, and Bryan Woody confirmed there were no significant problems or damage. The collaborative efforts of the contractors, including laying down protection and sharing resources, contributed to a smooth process. Approximately 30% of the total residences were under renovation, yet noise levels were well-managed. Bryan encouraged board members to report any disturbances directly to him for prompt resolution.

- **Starbucks Retail**

The board discussed the status of the Starbucks on campus. Since reopening on May 22nd, the Seattle-based coffee shop was no longer in place. A 10-year agreement with Starbucks had ended, and the parties could not agree on terms for renewal. Starbucks demanded another 10-year commitment and unspecified renovation costs, which initial estimates projected to be in the seven-figure range, making it unfeasible.

Designers were set to arrive at the property to explore independent concepts for the space. The aim was to have a new coffee, tea, and quick-service restaurant operational by the new year. Specific food offerings would depend on the available infrastructure and cooking capabilities. Additionally, the intention was to add a liquor license for the space, with plans to coordinate with the Town of Mountain Village and the state liquor authority. The reoccupied space would be owned and operated by the hotel's ownership group, featuring an independent brand rather than a national or global chain.

- **Neve Retail**

The board discussed the status of the Neve retail space, which consisted of nearly 3,800 square feet of ground floor area. Although conversations were ongoing with several potential tenants, and one brand had requested a Letter of Intent (LOI), no definitive agreement had been reached. Chad Arkoff noted that the prospective tenants had not been particularly responsive or proactive, so there were no further updates to report.

- **Lobby Flood Insurance Claim**

Bryan Woody reported that a domestic hot water line behind his office had sprung a leak during the winter, causing damage to the lobby floor. This was the second flood in the lobby, fortunately occurring three days before closure. The wood floor buckled, and an insurance claim was initiated. The insurance adjuster visited within a week and documented everything. The \$50,000 deductible would partly reduce the Q1 surplus in the TMVRC financials, with some minor damages also occurring in the hotel area. Approximately \$20,000 was reimbursed by the insurance company for the lobby floor replacement, which looked excellent after repairs.

Michael Wagner raised concerns about water hammer issues in the plumbing system, suggesting the absence of water hammer arresters could be causing pipes to break. He explained that water hammer arresters are essential to prevent pipes from hammering and potentially breaking. Brent Prokaski and Jim Shoriak agreed to follow up on this issue with Joseph.

The board discussed possible reasons for pipe breakage, such as frozen pipes, corrosion, and water hammering, noting that addressing these issues might require unit-by-unit inspections. Jim Shoriak explained that dissimilar metals in plumbing could cause corrosion, citing past issues in the garage where copper was connected to steel pipes. The Reserve Committee was tasked with investigating and addressing these plumbing concerns.

Bryan Woody scheduled a meeting for June 24th to discuss the issue further. Michael Zarrilli suggested considering whether to file insurance claims or absorb the costs directly to avoid future premium increases. Bryan agreed to analyze this retroactively, noting the importance of prompt reporting of flood damage but acknowledging the potential benefits of handling some costs internally if future damages are below a certain threshold.

- **Condo Map Surveying**

The board discussed the condo map surveying, with updates provided on communications with Mr. Kennedy and Foley Associates. Both parties were willing to undertake the job. Foley Associates had posed several questions to Michael Lynch and was awaiting his response. The board discussed the possibility of charging on an hourly time and material basis and planned to compare quotes side by side. The scope of work involved addressing a 4,000-square-foot disparity, detailed in the Wagner narrative, which had been circulated to the board. They anticipated resolving any remaining questions via email and hoped to move forward within the next few weeks.

- **Insurance Requirements and Compliance**

The board reviewed insurance requirements and compliance, as noted in the April 1st meeting minutes. Bryan Woody thanked residential owners for helping McKinley and Caroline update insurance certificates. Most homeowners were compliant, although there had been initial confusion about needing a commercial policy, which was clarified as unnecessary. Bryan sent an email to all resident owners outlining the specific insurance requirements from their declarations. Despite the progress, McKinley and Caroline were still pursuing compliance from 13 residents.

Kathy Harmony sought clarification on whether a commercial policy was required, and Bryan confirmed it was not, though certain entities needed to be listed as additionally insured. Kathy mentioned having a commercial policy and would resend the relevant information. The discussion concluded without further questions from the board.

- **SONIFI- Dish Network**

During the off-season, the resort dropped its cable provider due to ongoing issues with intermittent coverage during college football season. They switched to Dish with SONIFI, and technicians have been on-site throughout the off-season to install the new system. About 95% of the units have been completed, with Chromecast installation and dish hook-up remaining for units under renovation.

Residents are informed that their televisions will not function until a technician is on-site after renovation completion. All necessary equipment is being purchased at no additional cost to residents.

The new system aims for simplicity and user-friendliness, offering two choices: watch television or cast. The installation is complete and functional, with the new menu expected to roll out within 30 to 60 days.

Michael Zarrilli inquired about the completion of the SONIFI installation, which Bryan Woody confirmed as already functional. The discussion concluded with confirmation that the system was free of the previous issues.

- **Director of Residences**

McKinley Hale, the Director of Residences, announced her transition to a part-time role within the community due to a promising opportunity elsewhere. She committed to ensuring compliance with insurance declarations, finalizing homeowner renovations, and facilitating a smooth handover. The board had successfully found her successor, Lauren Mullins, who had extensive experience in hospitality and HOAs within the local community. McKinley's dedication was praised, and she agreed to stay on for a brief transition period.

Lauren Mullins would start in two weeks, and McKinley would be on-site two days a week during the transition. Bryan Woody encouraged reaching out to McKinley and Caroline Oppenheimer, the Resident Services Manager, for assistance until Lauren's onboarding was complete. Caroline had been a valuable asset during the off-season and would continue to support the community until Lauren was fully settled.

- **Conflict of Interest Statement**

Mike Lynch was absent, so this agenda item did not proceed at this time.

- **Costs Associated with the Residence Staff**

Bryan Woody addressed the cost associated with the resident staff. Michael Zarrilli acknowledged that there had been no progress on this matter yet, as they were waiting for resident services to settle down. Bryan suggested keeping it as a standing agenda item and tackling it later in the summer, possibly with input from Lauren Mullins, the new Director of Residences. Michael Wagner inquired about McKinley's transition, to which Bryan confirmed she would be phased out by early July, with her successor starting in mid-June. There was a light-hearted exchange about hiring Michael Zarrilli for McKinley's position, to which Michael Zarrilli humorously responded about his skiing abilities. Bryan assured Michael Zarrilli that they could discuss the compensation structure separately. Michael Zarrilli then expressed readiness to discuss the matter further via email or a quick call.

- **Costs Associated with the Pool Staff and condition of the pool**

Bryan Woody initiated a discussion regarding the expenses related to the pool staff, with Michael Wagner being responsible for overseeing this aspect. Michael raised concerns about the condition of the pool, mentioning that he had observed issues during his visit in March and had even sent pictures to Bryan. He expressed dissatisfaction with the pool's cleanliness, emphasizing the importance of daily cleaning, particularly for a pool of that nature.

Bryan acknowledged Michael's concerns and explained that the pool undergoes a thorough deep clean every offseason. However, he admitted that the maintenance might not have been up to standard during the winter months and acknowledged the need for improvement. Bryan mentioned

recent retraining efforts for the pool staff and expressed confidence that the situation had improved. He invited feedback from residents who had visited the pool recently to assess its current condition.

The conversation then shifted to staffing costs and resource allocation. Michael suggested that the current staffing levels might be excessive, considering the perceived lack of maintenance. Bryan clarified that there were separate staff for public spaces and pool maintenance. He agreed to review the staffing costs in detail during the upcoming budget discussions to ensure efficiency.

Further discussions revolved around plans for reopening the pool for food and beverage service. Michael proposed implementing automated ordering systems to enhance efficiency. Bryan explained the existing ordering system, which involved QR codes and a house phone, but agreed that improvements could be made to streamline the process.

The conversation extended to other areas, such as plans for the spa renovation. Bryan provided updates on the proposed enhancements, including expanding treatment rooms and revitalizing the old indoor pool area. There were also discussions about additional maintenance needs, such as carpet replacement and installing corner guards.

- **Building Energy Study by Third Party**

Michael Wagner raised the issue of a previous study done by a gas provider and suggested considering a third-party study for unbiased analysis. Brent Prokaski provided an update, mentioning that a representative from Eco Action Partners had been given access to historical data for energy benchmarking but had not yet provided recommendations.

Bryan Woody expressed dissatisfaction with previous studies, noting that recommendations lacked practicality and depth. He emphasized the need for a comprehensive analysis from a national third-party firm rather than local ones, with a budget allocated for the study. Brent confirmed that Eco Action Partners was one of the firms involved previously and agreed to explore further options.

Bryan proposed discussing the matter with other stakeholders involved in similar projects at Albeir's Resort properties. He committed to finding three suitable firms and providing an update at the Reserve Committee meeting scheduled for June 24. Michael acknowledged the plan and expressed agreement.

- **Audit Update**

Brent Prokaski mentioned that the audit process was still with Con-Resnick, and he acknowledged being the bottleneck in the process. Brent had sent them the trial balance, and they had responded with their proposed scope, which included some irrelevant testing. He was in the process of pushing back to have unnecessary elements removed to reduce costs potentially.

Brent admitted that he had been delaying in providing the necessary information back to Con-Resnick to finalize the scope. When asked about the timeline, he estimated it would take a couple of weeks once he provided the required information, which he planned to do that week.

Michael Zarrilli thanked Brent for the update and suggested continuing the conversation via email

once Brent had completed his part.

It was suggested to try to make progress on survey (Mike L) and audit. They will be happy to join calls or emails.

- **1403 Gas Fireplace Venting Request & Waterproofing Balcony 525**

Bryan Woody introduced the next agenda item concerning a gas fireplace venting request for unit 1403. He explained that the unit was undergoing renovation, and the owner wanted to switch from an electric to a gas fireplace, necessitating relocation of the vent. Bryan mentioned that he would circulate photos and Joseph Olin's opinion for the board's review via email by Wednesday.

Kerry was asked if he had anything to add, and he confirmed that he had provided all the necessary information. Bryan assured Kerry that he would email everything promptly after the meeting. Michael Wagner inquired about the city's design review board's involvement, to which Bryan responded that they would handle it after receiving the approval letter.

After discussing the fireplace issue, Bryan brought up a waterproofing issue on balcony 525. The previously approved vendor declined to execute the work, so Bryan proposed hiring another local vendor who offered a comparable price. He clarified that the scope and cost remained the same as previously approved by the board. Michael Zarrilli asked for a reminder of the board's role, and Bryan explained that no action was required as the issue had already been reviewed and approved previously. Michael expressed his approval, and the discussion concluded.

- **New Business**

Bryan Woody opened the floor for any new business from the board members of TMVRC. Most members indicated they had nothing to add. However, Michael Zarrilli shared information about TMVOA's investment in constructing new hiking paths and renovating existing ones in the town, totaling almost a million dollars. Bryan confirmed the figure and Patrick Latcham elaborated on the trail projects, detailing four new trails and three major trail enhancements set to begin soon.

Chad Arkoff inquired about the trail locations, prompting Patrick to provide further details, including the names and locations of the new trails and enhancements. Patrick also mentioned the Telluride Mountain Club's efforts to renovate the Boomerang Trail. Bryan then shifted the discussion to potential repairs needed on the 38 building's roof, which Kerry Youngerman and Joseph Olin had discussed. They planned to address the issue in the fall, but Bryan expressed a desire to hear from vendors about the severity of the issue and the urgency of repairs due to potential rains in the summer.

The conversation then moved to balcony repairs and furniture upgrades. Stephanie Van Heyde Phillips raised concerns about degrading balcony sealant and inquired about plans for balcony furniture upgrades. Bryan confirmed that balcony painting was underway and discussed plans for future sealing and furniture upgrades, indicating McKinley would be involved in the process.

Kathy Harmony raised concerns about the long-term plan for the roof, considering potential insurance issues with the current concrete tiles. Bryan acknowledged the need for a long-term plan and the

finite nature of the handmade tiles. Discussion ensued regarding insurance issues related to the tiles and the potential for future roof replacements.

Jim Shoriak suggested further research and potential involvement of the Reserve Committee to address the roof replacement issue. Bryan agreed to keep the matter in mind.

- **Adjourn**

Hearing no further new business, Brian Woody motioned to adjourn today's meeting; Michael Zarrilli seconded; the motion passed; all were in favor; today's meeting adjourned at 1:17pm.