

Grand Timber Lodge Owners' Association
2018 Board Meeting
October 20, 2018

ATTENDANCE

Board Present: Marc Block, Gerrit Mahsman, Jay Keany, Nick Doran, Lew Phinney, Roger Lemmon

Advisory Committee Present: Chris Maciejewski, Angus MacKelvey, Karen Marley-Sture, Rhonda Salazar, Tom Wood, David George, Mark Orton

Absent: David Bell (AC), James Hagerman (AC), Tom Endres (B)

Management Present: Kimberly Tramontana, Josh Stuhr, Eli Yoder, Peggy Helfrich, Tracey Beverlin, Joe Clark-Fulcher, Christine Britton

CALL TO ORDER

Marc called the meeting to order at 9:34am.

CHANGES TO THE AGENDA

There were no changes to the agenda.

APPROVAL OF MINUTES

The motion to approve the April 23rd, 2018 e-meeting minutes was made by Lew and seconded by Gerrit.

No discussion.

All in favor, motion passed.

UNAUDITED FINANCIALS

GTLOA August 2018 Unaudited Financials

The Finance Committee met on October 15, 2018 and they recommend accepting the GTLOA August 2018 unaudited financials.

Please find a summary of the GTLOA August 2018 Unaudited Financials which includes:

- The GTLOA Operating Budget is experiencing a YTD favorable variance of \$229,430! Due to upcoming expenses, we are still expecting a zero % variance by the end of the year.
- Operating Revenue is experiencing an unfavorable variance of \$5,691 YTD.
 - Misc. Income shows a favorable variance of \$15,139 due to the Quit Claim Deed revenue (transfer of deeds between owners) was underbudgeted.
 - Deed in Lieu Income shows an unfavorable variance of \$25,125 due to fewer deeds in lieu received by the HOA than anticipated.
- Operating Expenses show a favorable variance of \$235,121 YTD.

- Common Area Amenities shows an unfavorable variance of \$10,626 due to an increased consumption of coffee and cookies.
- Hot Tub / Pool supplies shows a favorable variance of \$14,697 due to savings from a new vendor.
- Insurance shows a favorable variance of \$14,651 due to overbudgeting for the 2018 increase.
- Collection Expense shows an unfavorable variance of \$73,669 as accounts were moved to collections earlier than in previous years.
- Housekeeping Cleans shows a favorable variance of \$156,823 due to increased revenue as well as savings on various expenses.
- Engineering shows a favorable variance of \$67,241 due to savings with staff turnover, as well as boiler preventative maintenance will occur over the summer months.

Timing variances include:

- Water and Sanitation shows a favorable variance of \$19,352 due to the August invoice being received in September.
- Fire Alarm Maintenance shows a favorable variance of \$15,469 as repairs are on hold due to a pending vendor agreement.
- Professional Fees shows a favorable variance of \$13,719 as the foreclosure invoices have not yet been received.
- Unit Electric shows a favorable variance of \$14,783 due to being 1 invoice short and will likely be off until year end.

The motion to approve the August 2018 Unaudited Financials was made by Gerrit and seconded by Lew.

No discussion.

All in favor, motion passed.

AR UPDATE

- Deeds recovered since January 1, 2018 – 50 (14 foreclosures and 36 deed backs)
- Monies gained through deed recovery since January 1, 2018 - \$18,041.80
- 96% paid as of 9/30/18
- The cleanup of severely delinquent accounts is ongoing and aligned with budgetary allowances

Discussion:

- *Other resorts are around 85% paid in HOA dues, compared to GTL which is 96% paid.*
- *The delinquencies are just for HOA dues, not mortgages.*
- *The new resale agreement doesn't go into effect until January 2019.*
- *Around 250 owners are currently on active payment plans.*

Action Item: Joe to add year over year trends to the graphs

Action Item: Tracey to send out via email year over year increases to the HOA dues

GENERAL MANAGER REPORT

October 2018

It is exciting to wake up each day and be a part of Breckenridge Grand Vacations and Grand Timber Lodge, but perhaps now more than ever! We currently find ourselves in the midst of renovations in the Fitness Center, Arcade, Activities Center, and the new Family Fun Center space. In addition, we have a new operator due to take possession of the restaurant space and begin some improvements in just a

few short weeks. When the new Family Fun Center opens later this winter, the entire ground floor of Building 6 will have been reimagined in order to create decades of Grand vacations!

On top of the amenity renovations at the resort, Breckenridge Grand Vacations was recognized by the Denver Post as the #1 Top Workplace in the large company category via their 2018 survey, besting companies like USAA and Edward Jones. In today's competitive hiring environment, being named the employer of choice in our community allows BGV to attract and retain the most talented individuals to provide our owners and guests with the very best experience and service!

Speaking of service, our BGV Team was also recognized by the ColoradoBiz magazine as the Top Company for Best in Service in the Travel and Hospitality Sector in 2018! Those of us who are fortunate to spend each day at the resort certainly know that these two prestigious awards go hand in hand and we look forward to striving to always be better tomorrow than we are today! With excitement buzzing, here is a look at the projects our team has been working on, as well as a glimpse ahead to 2019.

Room Upgrades

- New bedroom furniture has been installed in Buildings 1 through 4. The new furniture has been very well received and embraces the classic, mountain style of Grand Timber Lodge.
- The installation of new balcony doors, windows and window treatments in Building 3 has been completed on schedule and under budget.
- The new bulk amenity dispensers have been installed throughout all of the units. We estimate that we will be able to save about 100,000 small bottles from the landfill each year! Thank you to Marc for this Grand idea!
- The one-bedroom master portion of unit 6210 has been remodeled to comply with current ADA codes, which allows us to provide our three-bedroom owners and guests with an accessible option for their vacations.

Resort Upgrades

- The Building 6 elevator cabin has been refurbished. The new interior features a modular design that will allow us to easily repair panels, as well as an LED lighting system that better illuminates the entire space.
- Resort Internet is working to increase the capacity of the WiFi throughout the resort. As more and more owners and guests travel with an increasing number of WiFi-enabled devices, there is also an increased need for access points to evenly distribute the load.
- Work has been done around the resort to mitigate the threat of a wildfire at Grand Timber Lodge. Rock lines around the buildings have been cleared of flammables, grasses have been trimmed, and tree branches have been pruned. Cumulatively, these efforts help to slow or halt the spread of fire and allow firefighters to protect our beautiful resort.

Looking Ahead

- Digital thermostats will be installed throughout the resort, making it easier to set the desired heating temperature.
- The Grand Room will be reimagined and updated with new carpet, furniture, and décor. The new space will complement the lobby, making for a better arrival experience for our incoming owners and guests.

- Window and balcony door replacements will continue, with the first phase of Building 4 tentatively scheduled for the spring.
- Buildings 5 through 8 will receive new bedroom furniture, matching the style that was installed last year in Buildings 1 through 4.
- The Building 5 pool ceiling will be replaced with a moisture resistant tile that will withstand the environment of the pool.
- Buildings 1 and 2 will receive new carpet throughout the entire building. At the same time, we will be painting the interiors to complete the updated look.

No discussion.

RESERVE UPDATE 2018 Projects Update

Our 2018 reserve projects have proceeded as planned with most substantial projects being completed. Projects with no actual expenditures are in planning phases for this fall.

Grand Timber Lodge 2018 Unit Reserve Expenditures					
Description	Account Code	Budget	Forecasted Expenditure	Actual Expenditure	Cost Variance
Alarm Clocks	8023	\$29,087		\$24,948	\$4,139
Bedroom Furniture	8022	\$363,215		\$284,771	\$78,444
Ottomans	8022	\$0		\$822	-\$822
BluRay Player	8023	\$72,280		\$40,135	\$32,145
Living Room TV	8023	\$90,639		\$118,818	-\$28,179
Appliance Replacements, YTD	8023	\$80,573	\$80,000	\$56,117	\$19,953
Thermostats	8023	\$17,819	\$8,000		\$0
Building 3 & 4 Mattresses	8022	\$48,012		\$46,612	\$1,400
Building 3 Window Treatment	8022	\$49,101		\$42,498	\$6,603
Contingency	8029	\$10,453		\$4,500	\$5,953
		\$750,726		\$595,543	\$113,685
Grand Timber Lodge 2018 Common Area Expenditures					
Description	Account Code	Budget	Forecasted Expenditure	Actual Expenditure	Cost Variance
Boardroom - Television	8126	\$1,030		\$1,611	-\$581
Elevator Cabin Refurbishment	8122	\$21,630		\$22,857	-\$1,227
Exterior Painting - Building 1 & 2	8125	\$71,426		\$59,530	\$11,896
Interior Sign Installation	8126	\$0		\$15,502	-\$15,502
Fire Suppression - Building 3 & 4	8124	\$196,136		\$190,425	\$5,711
Garage Doors - Building 1	8125	\$41,200		\$35,950	\$5,250
Library - Bathroom Remodel	8126	\$2,575	\$3,500		\$0

Lighting - Exit Signs	8126	\$14,832		\$14,730	\$102
Bell Carts	8126	\$5,253		\$4,980	\$273
3 Bedroom ADA Updates	8129	\$67,447		\$95,976	-\$28,529
Steam Room Renovations	8121	\$25,940		\$26,227	-\$287
WiFi Upgrades	8126	\$25,940		\$14,456	\$11,484
Building 3 Windows & Doors	8125	\$587,303		\$547,995	\$39,308
Contingency	8130	\$15,680		\$7,129	\$8,551
Building 1 Pool Area Tables	8121	\$0		\$6,449	-\$6,449
		\$1,076,392		\$1,035,862	\$29,999

Planned 2019 Projects

These projects will be approved as part of the 2019 budget. The annual reserve expenditures will fluctuate year to year based on the reserve/project schedule. From 2018 to 2019, the notable variances in spending are a result of:

- Bedroom furniture replacement in Buildings 5 through 8 - Buildings 1 through 4 have 56 units compared to 104 units in Buildings 5 through 8.
- Carpet replacement in Buildings 1 and 2 - we have taken the past few years off from carpet replacement, but the time is here for this project to resume!
- Unit phone system replacement - the current, original phone system has become unreliable. Compounding the issue is that there is no longer tech support for this system, so we rely on the expertise of one individual to keep it up and running. While unit phones are not the most popular amenity, they are required for safety reasons.

Also of note, we have not completed spending in 2018, so this year's actuals will continue to increase.

Grand Timber Lodge 2019 Unit Expenditures		
Description	Budget	Timeline
Annual Appliance Replacements	\$82,608	Annual
Building 4 Window Treatment	\$36,390	Spring
Buildings 1 & 2 Unit Carpet	\$159,850	Spring
Buildings 1 & 2 Unit Painting	\$36,000	Spring
Buildings 5 - 8 Bedroom Lamps	\$67,200	Spring
Buildings 5 - 8 Bedroom Furniture	\$456,964	Spring
Building 5 & 6 King Mattresses	\$58,460	Spring
Building 5 & 6 Queen Mattresses	\$35,280	Spring
Housekeeping Carts	\$7,500	Spring
In Unit Phone System	\$100,000	TBD
Living Room Accent Pillows	\$42,000	Spring
Studio TV Tray Sets	\$15,900	Spring
Smoke Detectors	\$16,380	Spring

CO Detectors	\$8,825	Spring
Contingency	\$10,000	Annual
	\$1,114,532	
Grand Timber Lodge 2019 Common Area Expenditures		
Description	Budget	Timeline
Aquatics Areas Furniture	\$65,682	Late Winter
B5 Pool Area Drop Ceiling	\$51,438	Spring
B5 Pool Area Music System	\$8,755	Early Winter
Boardroom Bathroom Remodel	\$3,090	TBD
Boardroom Table & Chairs	\$10,918	Early Winter
Building 1 & 2 Hallway Paint	\$52,698	Spring
Building 1 & 2 Hallway Carpet	\$33,603	Spring
Building 4 Windows & Balcony Doors	\$383,296	Spring
Building 6 Garage Doors	\$41,200	Early Winter
Building 7 & 8 Exterior Paint	\$111,073	Early Summer
Building 7 Elevator Cabin Refurbishment	\$22,885	Spring
Common Area Deck Furniture	\$14,735	Late Winter
Grand Room Art & Decor, Furniture, & Lighting	\$49,697	Fall
Hallway Trash Collection	\$28,891	Winter
Bell Carts	\$5,175	Early Winter
Outdoor Bollard Fixtures	\$29,200	Summer
Stairwell Exit Gates	\$9,270	TBD
Contingency		Annual
	\$921,606	

Anticipated 2020 Projects

These projects are currently planned for 2020. All future projects are evaluated annually for need. At this time, this is what is anticipated in 2020, but may be adjusted in the 2019 Reserve Study review process.

Grand Timber Lodge 2020 Tentative Expenditures
Description
Beginning of unit art & décor replacements
Bedroom decorative bedding
Bedroom and Studio TVs
Buildings 3 & 4 unit and common area carpet
Buildings 3 & 4 unit and common area painting
Unit patio furniture

Unit entry benches and coat hooks
Building 8 elevator cabin refurbishment
Final phase of Building 4 window & blind replacements
Common area benches & picnic tables
Building 6 exterior painting
Building 5 dry fire suppression system re-piping
Building 7 garage door replacement
Building 1 locker rooms remodel
Building 1 Pool Area indoor tile replacement
Building 1 Pool Area dry sauna refurbishment
Building 5 Aquatics play area feature

Updates Made in Review Process

During the 2018 review of the Reserve Fund, the timing and execution of future renovations was a major focus. Remodels of the kitchens, bathrooms, and woodwork previously had been scheduled as separate projects over several decades. To become more efficient and to ensure that the Grand Timber Lodge units maintain a cohesive design and feel, these major projects were scheduled to be completed at the same time. Currently, these comprehensive remodels are slated to begin in 2025 continuing through 2040.

To facilitate this schedule within the existing cash flow forecasts and maintaining minimum fund balances of 2%, as well as 100% funded for the current year, many other items were adjusted to ensure sufficient funding of the reserves and to ensure a quality vacation experience for owners and guests. As bids were received for upcoming 2019 projects, notably the replacement of windows and balcony doors, prices have continued to increase, though at a more reasonable rate than years past.

In the short term (5 years), the Reserve Plan remains substantially unchanged. In 2019, we have planned:

- Conclusion of the bedroom furniture replacements in Buildings 5 through 8
- Replacement of carpet beginning in Buildings 1 and 2, carpet replacements will continue annually through the remaining buildings, along with painting in the same areas
- A fall update to the Grand Room with new carpet, art and décor, furniture, and lighting

With these updates made, the 30 year funding of the Reserve Plan from PRA is utilized to determine 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 Reserve Plan to maintain an updated, healthy resort to ensure that our owners can continue to enjoy Grand vacations for decades to come.

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. The design team has turned over since the purchase of the living room furniture. The designer we will be working with in 2019 helped to select the beautiful, well received bedroom furniture in Buildings 1 through 4. In 2019, they will provide design direction on these projects:
 - Grand Room Furniture Replacements
 - Buildings 5 through 8 Bedroom Furniture Replacements
 - Living Room Accent Pillows
 - Aquatics Area Furniture
 - Common Area Deck 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. Working with the design firm also provides secondary input on all design decisions, ensuring the best for GTL.
- Design boards for upcoming projects will be posted in the Rob Millisor Grand Room, along the wall of the new Market, for all owners and guests to view. Designs and concepts will be posted as soon as they are available, recognizing that they will evolve and change over time.
- Final images and specifications will be shared with the Board and Advisory Committee in the monthly missives as they are determined.

Discussion:

- *A local furniture company provides, installs and removes the furniture in the rooms during replacements.*
- *GTL has two designers who are working together for the units. Once the designs are finalized, Peggy will send out in the monthly missives and also once the market is completed, the designs will be displayed in the Grand Room.*
- *A suggestion was to keep sustainability in mind with future replacements such as flooring. BGV has a sustainability coordinator to remove appliances and recycle them accordingly as well as other materials.*

RULES AND REGULATIONS

Reservation Procedure

Breckenridge Grand Vacations (BGV) is excited to share that we are making great strides in our effort to offer owners an online option for reserving owner weeks in real-time. Our owners have spoken, and we have listened to the many requests for an additional booking option for utilizing their ownership week(s).

Per the Rules and Regulations, the GTLOA Board of Directors will determine what type of booking system will be used for our winter and summer two and three-bedroom owners. For the time being, BGV would like to recommend that our winter and summer two and three-bedroom owners continue to

utilize the Breckenridge Grand Vacations Annual Reservations System for requesting weeks each year. Once owners who have participated in the Annual Reservations System have been assigned weeks, and confirmations have been sent, owners who did not participate in the Annual Reservations System, or who did not receive a desirable week, will be able to reserve their week(s) online at www.BGVGrandCentral.com or by calling Owner Relations.

In addition, we recommend that our summer and winter four-bedroom owners, and our spring/fall owners, continue to utilize the first come, first served call in request system on their corresponding booking days. On the Monday following these booking days, owners will then have the option to either reserve their week(s) over the phone, or online.

BGV is looking forward to sharing more updates with our owners as this project progresses. There will also be owner beta testing, as well as a strong educational campaign before this initiative is rolled out to owners for use. BGV is also happy to share that this project is being implemented at no additional costs to our family of Grand Timber Lodge owners.

With the addition of this new booking platform, BGV would like to propose updating the Rules and Regulations to be inclusive of this new option for securing reservations. These proposed changes are available for review under section B., Reservation Procedures, in the Grand Timber Lodge Owners Association, INC. Rules and Regulations.

GRAND TIMBER LODGE OWNERS ASSOCIATION, INC.

RULES AND REGULATIONS

Current:

A. RESERVATION PROCEDURE

1. A Vacation Owner of a Fixed Vacation Week or a Fixed/Floating Vacation Week shall be entitled to use and occupy the Vacation Unit of the same type as designated in his Vacation Estate Special Warranty Deed ("Deed") during the specified Use Week each calendar year provided Vacation Owner is in good standing with their home resort. Fixed week reservations are automatically reserved for the Vacation Owner of a Fixed Vacation Week or a Fixed/Floating Vacation Week.
2. A Vacation Owner of a Floating Vacation Week shall have the right to use and occupy a Vacation Unit only in accordance with the following reservation procedures:
 - a. The Board of Directors will determine what type of booking system (described in Schedule 1 to these Rules & Regulations) will be used for the summer and winter booking season that will provide equal, fair, and the easiest access to Grand Timber Lodge for all two (2) bedroom and three (3) bedroom Owners. "Connecting 2 Bedroom Unit" Owners will utilize a first come, first served booking day system. Notification may be by regular mail, email, or phone. Requests may be made no more than three hundred sixty-five (365) days in advance of first day of requested season. Reservation requests received in advance of the 365 days will be rejected.
 - b. This booking system may change from time to time and all Owners will be kept informed of any changes to the booking system.

c. A Vacation Owner is entitled to reserve a Floating Vacation Week in his designated season of Spring/Fall in a comparable Vacation Unit to the Unit purchased (as set forth in his Deed) by notifying the Managing Agent. Notification may be by regular mail, email, or phone. Requests may be made no more than three hundred sixty-five (365) days in advance of first day of requested season. Reservation requests received in advance of the 365 days will be rejected.

d. All reservations are subject to availability and will be honored on a first-come, first served basis, and will not be effective unless confirmed in writing by the Association or the Managing Agent. All reservation requests received by mail on the same day will be opened in random order.

e. A Vacation Owner shall be entitled to reserve and subsequently use no more than one Floating Vacation Week (for each Vacation Estate or Vacation Unit owned) each Calendar Year.

f. A Vacation Owner may only reserve a Vacation Unit comparable to the Vacation Unit designated in the Vacation Owner's Deed, with the exception of a two (2) bedroom owner, who may reserve the two (2) bedroom lock-off of a three (3) bedroom Vacation Unit based on availability inside of 60 days of the dates of stay. In addition to this, a three (3) bedroom owner may reserve a two (2) bedroom Vacation Unit based on availability inside of 60 days of the dates of stay. However, a Vacation Owner may lock-off his Vacation Unit and request two separate Vacation Weeks. A Vacation Owner of a two-bedroom Vacation Unit may request a Vacation Week in a one-bedroom unit and a Vacation Week in a studio unit. A Vacation Owner of a three-bedroom Vacation Unit may request a Vacation Week in the one-bedroom unit with the full kitchen and fireplace and a Vacation Week in the one-bedroom unit that contains the kitchenette OR a Vacation Week in a two-bedroom unit and a Vacation Week in a studio unit. Reservations for both segments can be made at the same time, however only one of the weeks will be confirmed initially. The second locked off Vacation Week will only be confirmed if and when it can be scheduled in conjunction with an open segment of another locked off Vacation Week to complete a full Vacation Unit. However, within 30 days of desired check in any available time may be booked for the second locked off Vacation Week. If this second Vacation Week cannot be used during the current Calendar Year, it will be forfeited.

g. All two-bedroom units are interchangeable.

h. All three-bedroom units are interchangeable.

i. The Managing Agent will confirm a Unit type on the reservation confirmation; however, final Unit assignment will be made at check-in. A Vacation Owner may request a specific Unit at time of reservation request, but assignment is dependent upon factors such as time of check-in and unit status. A requested unit will be confirmed for the owner provided no emergencies occur to cause the unit to be unavailable.

j. A Vacation Owner may cancel a reservation by submitting notice of such cancellation that is received by the Managing Agent at least thirty (30) days prior to the commencement of the Vacation Week being requested. However, there is no guarantee that such Vacation Owner will be able to secure another reservation in that same Calendar Year. Rescheduled and/or cancelled reservations may also be subject to rescheduling and/or cancellation fees. If the Vacation Owner does not cancel his reservation and does not check-in for his reserved Vacation Week or if the Vacation Owner checks-in but leaves early, the Vacation Owner shall be deemed to have used the entire Vacation Week.

k. If a Vacation Owner fails to provide the Managing Agent with timely notice of a reservation request as specified above, the Managing Agent will use its best efforts, without obligation to do so, to provide the Vacation Owner with a Vacation Week during the Vacation Owner's designated season.

Proposed:

B. RESERVATION PROCEDURE

1. A Vacation Owner of a Fixed Vacation Week or a Fixed/Floating Vacation Week shall be entitled to use and occupy the Vacation Unit of the same type as designated in his Vacation Estate Special Warranty Deed ("Deed") during the specified Use Week each calendar year provided Vacation Owner is in good standing with their home resort. Fixed week reservations are automatically reserved for the Vacation Owner of a Fixed Vacation Week or a Fixed/Floating Vacation Week.

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b. "Connecting 2 Bedroom Unit" Owners will utilize a first come, first served booking day system. Notification may be *made by phone or email. Requests submitted via email will be handled after phone requests have been handled. ~~be by regular mail, email, or phone.~~ Owners will utilize a first come, first served booking day system.* Requests may be made no more than three hundred sixty-five (365) days in advance of *the* first day of *the* requested season. Reservation requests received in advance of the 365 days will be rejected. *After the initial first come, first served booking day, notifications for reservations may also be completed online, if an online option is available, or by phone and email.*

c. This booking system may change from time to time and all Owners will be kept informed of any changes to the booking system.

d. A Vacation Owner is entitled to reserve a Floating Vacation Week in his designated season of Spring/Fall in a comparable Vacation Unit to the Unit purchased (as set forth in his Deed) by notifying the Managing Agent. Notification may *be made by phone or email. Requests submitted via email will be handled after phone requests have been handled. ~~be by regular mail, email, or phone.~~ Owners will utilize a first come, first served booking day system.* Requests may be made no more than three hundred sixty-five (365) days in advance of *the* first day of *the* requested season. Reservation requests received in advance of the 365 days will be rejected. *After the initial first come, first served booking day, notifications for reservations may also be completed online, if an online option is available, or by phone and email.*

e. All reservations are subject to availability and will be honored on a first-come, first served basis, and will not be effective unless confirmed in writing by the Association or the Managing Agent. *All reservation requests received by mail on the same day will be opened in random order.*

f. A Vacation Owner shall be entitled to reserve and subsequently use no more than one Floating Vacation Week (for each Vacation Estate or Vacation Unit owned) each Calendar Year.

g. A Vacation Owner may only reserve a Vacation Unit comparable to the Vacation Unit designated in the Vacation Owner's Deed, with the exception of a two (2) bedroom owner, who may reserve the two (2) bedroom lock-off of a three (3) bedroom Vacation Unit based on availability inside of 60 days of the dates of stay. In addition to this, a three (3) bedroom owner may reserve a two (2) bedroom Vacation Unit based on availability inside of 60 days of the dates of stay. However, a Vacation Owner may lock-off his Vacation Unit and request two separate Vacation Weeks. A Vacation Owner of a two-bedroom Vacation Unit may request a Vacation Week in a one-bedroom unit and a Vacation Week in a studio unit. A Vacation Owner of a three-bedroom Vacation Unit may request a Vacation Week in the one-bedroom unit with the full kitchen and fireplace and a Vacation Week in the one-bedroom unit that contains the kitchenette OR a Vacation Week in a two-bedroom unit and a Vacation Week in a studio unit. Reservations for both segments can be made at the same time, however only one of the weeks will be confirmed initially. The second locked off Vacation Week will only be confirmed if and when it can be scheduled in conjunction with an open segment of another locked off Vacation Week to complete a full Vacation Unit. However, within 30 days of desired check in any available time may be booked for the second locked off Vacation Week. If this second Vacation Week cannot be used during the current Calendar Year, it will be forfeited.

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k. A Vacation Owner may cancel a reservation by submitting notice of such cancellation that is received by the Managing Agent at least thirty (30) days prior to the commencement of the Vacation Week being requested. However, there is no guarantee that such Vacation Owner will be able to secure another reservation in that same Calendar Year. Rescheduled and/or cancelled reservations may also be subject to rescheduling and/or cancellation fees. If the Vacation Owner does not cancel his reservation and does not check-in for his reserved Vacation Week or if the Vacation Owner checks-in but leaves early, the Vacation Owner shall be deemed to have used the entire Vacation Week.

l. If a Vacation Owner fails to provide the Managing Agent with timely notice of a reservation request as specified above, the Managing Agent will use its best efforts, without obligation to do so, to provide the Vacation Owner with a Vacation Week during the Vacation Owner's designated season.

The motion to approve the changes to the Rules and Regulations regarding the Reservation Procedure was made by Roger and seconded by Jay.

Discussion:

- The developer is covering the whole cost of this new secondary option.
- Owners will still have the option to call in to Owner Relations if needed. With a new change to the system, calls will usually increase due to unfamiliarity. If the need ever arises to decrease staff due to automation, there is that possibility.

All in favor, motion passed.

BiGVARS UPDATE

Multiple Week Owners

This is a proposal to update the Rules and Regulations Schedule 1, to include an adjustment to the rule to include summer owners. Below is the new proposed additional verbiage:

Current:

Multiple Week Owners. Any winter Owner owning more than one (1) week of Vacation Ownership who does not want to reserve weeks 7 – 13 will be able to request consecutive or simultaneous check-in days utilizing the online reservation system and will be given priority over other Owners only owning one (1) week of Vacation Ownership.

Proposed:

Multiple Week Owners. Any winter Owner owning more than one (1) week of *winter* Vacation Ownership who does not want to reserve weeks 7 – 13 will be able to request consecutive or simultaneous check-in days utilizing the online reservation system and will be given priority over other Owners only owning one (1) week of *winter* Vacation Ownership.

Any summer Owner owning more than one (1) week of summer Vacation Ownership who does not want to reserve weeks 24-31 will be able to request consecutive or simultaneous check-in days utilizing the online reservation system and will be given priority over other Owners only owning one (1) week of summer Vacation Ownership.

The anticipated cost to include this proposed option is \$1400 (8 hours to implement and test) for development time from Kleere.

Motion to approve the addition to the BiGVARS system to include multiple week owners was made by Roger and seconded by Lew.

No discussion.

All in favor, motion passed.

ASSIGNMENT CODE

Requested Changes to the Breckenridge Annual Reservations Request System Assignment Code

- Contract Assignment Order - set max to 30. Reconfigure all code and testing: 4 hours
- Split priority - Order winra code to consider remaining split components first so full room availability is not taken by a split when the component is available. Reconfigure all code and testing: 8 hours

Total Cost \$2,100 (12 hours to implement and test) for development time from Kleere

The motion to approve the changes to the Annual Reservations Request System Assignment code was made by Lew and seconded by Nick.

Discussion:

- The initial investment has already been made and we are slowly tweaking the system each year to adapt to owners needs. Each property is unique so there is not a one size fits all system. GTLOA owns the code for the reservation system.
- Three-bedroom owners are only competing again other three-bedroom owners for their two check in days.

All in favor, motion passed.

PROPOSED 2019 BUDGET

Grand Timber Lodge Owners Association

2019 Proposed Budget Summary

General Summary

- Total Proposed 2019 Budget is \$10,630,499 (an increase of \$706,273, or 7.1%).
- Based on the forecast for the remainder of 2018, the GTLOA is expected to be at budget for the year. Please note that the \$90,000 operating fund surplus carry over from 2017 is included in this calculation and will be reflected in the audited financials as a fund deficit, which is expected as part of the board-approved 2018 budget and is offset by retained earnings. After this offset, we estimate the remaining retained earnings to be approximately \$24,000.

- As you know, the GTLOA is not yet fully self-sufficient when it comes to paying for all of the expenses associated with running the resort. BGV intends to continue working in partnership with the GTLOA Board to eliminate the developer contribution over the next few years. As previously communicated, you will see some new expense in the proposed 2019 budget, as well as some new revenue:
 - The new revenue for the GTLOA is labeled “Rental Resort Fee”. Historically, the developer has collected a 5.0% Rental Resort Fee. As of 9/5/18, this fee has increased to 7.5%, of which 2.5% is now revenue for the GTLOA. For 2019, this revenue is budgeted to be approximately \$81,000.
 - As for new expense in 2019, the proposed budget includes full payment by the GTLOA for its share of BGV’s Sustainability Department expenses, which is about a \$14,000 increase from the 2018 Sustainability expenses.
- In addition to the new expense item mentioned above, the increase to the dues for 2019 is also the result of vendor, services and wage increases as well as the amenity loan, reserve funding needs, changes to the resale agreement, and increased property taxes and insurance premiums. These increases result in an overall increase to the 2019 GTLOA dues of 7.76%.

Dues Comparison

- Current Annual 2018 Dues: \$1,092.56 (per week in a 2-bedroom lock off)
- Proposed Annual 2019 Dues: \$1,177.33 (per week in a 2-bedroom lock off)
- Total increase to the annual dues from 2018 to 2019: \$84.77 (approx. 7.76%)

New and Noteworthy

- Revenue - Exchange Resort Fee Income – BGV has proposed a new “Exchange Guest Resort Fee” to Interval International to help create additional revenue for GTLOA. We are awaiting Interval’s response to our proposal at this time. Thus, no additional revenue is budgeted for 2019.
- Revenue - Rental Resort Fee Income - (\$80,977) - Additional revenue for the GTLOA from the 2.5% rental resort fee increase.
- Expense - Future Truck Replacement (7500.00) – This line item will be used to save for a new truck purchase beginning in 2020. Thus, no related expense is budgeted in 2019.
- Expense – Future Scrubber Replacement (7501.00) - This line item will be used to save for a new scrubber purchase beginning in 2020. Thus, no related expense is budgeted in 2019.
- Expense – Future UTV Replacement (7501.00) - This line item will be used to save for a new UTV purchase beginning in 2020. Thus, no related expense is budgeted in 2019.
- Future Compactor Replacement – (7503.00) - This line item will be used to save for a new compactor purchase beginning in 2020. Thus, no related expense is budgeted in 2019.

Proposed 2019 Budget INCREASES from 2018 Approved Budget

- Revenue – Misc Income – (5070.00) increased 113% (\$18,625) due to including Arcade and Quit Claim Deed revenue.
- Revenue – Rental Resort Fee Income – as noted above.
- Expense – Recycling / Compost – (7065.00) increased 38% (\$14,862) due to increased landfill fees as well as passing through the GTLOA’s full share of the Sustainability Department expenses.

- Expense - The Management Fee (7120.00) (\$16,478), Accounting Fee (7130.00) (\$1,551), Front Desk/Reservations Fee (7140.00) (\$57,923), IT Support (7144.00) (\$994), and the HR Fee (7145.00) (\$12,187) each increased by 5% (combined total of \$89,133) per the Management Agreement in order to continue to dissolve the existing developer contribution, which is forecasted to be approximately \$440,000 in 2019, excluding any administrative costs not yet calculated at the time of this meeting.
- Expense – Credit Card Fees (7220.00) increased 23% (\$13,805) based on an increase YOY in owners paying with a credit card and the increase to the dues. The credit card processing fee has also been decreased from 4% to 3%.
- Expense – Property Tax (7240.00) increased 9% (\$41,674) due to a 20% increase from 2017 actuals per the Summit County Assessor.
- Expense – Landscaping (7370.00) increased 34% (\$16,806) as we pursue a contracted agreement with a vendor to overcome staffing challenges.
- Expense – Bad Debt (7390.00) increased 214% (\$111,955) due to the new resale agreement terms.
- Expense – Unit Reserve Fund Assessment (8010.00) increased 15% (\$166,604) in order to cover the expenses included in the reserve study.
- Expense – Common Reserve Fund Assessment (8110.00) increased 15% (\$131,488) in order to cover the expenses included in the reserve study.

Proposed 2019 Budget DECREASES from 2018 Approved Budget

- Revenue – Owner Assm Inc Disc – (5011.00) decreased 27% (\$91,860) due to decreasing the cash discount from 4% to 3%.
- Revenue – Deed in Lieu Income (5085.00) decreased 100% (\$156,000) because there is no income in 2019 due to the terms of the new resale agreement.
- Expense – Hot Tub / Pool Supplies (7070.00) decreased 12% (\$11,403) due to savings from gained efficiencies and new vendors.
- Expense – Professional Fees (7200.00) decreased 34% (\$16,031) due to the 50/50 split of foreclosure costs per the new resale agreement.
- Expense – Unit Electric (7430.00) decreased 10% (\$27,037) due to cost savings from LED lighting and energy projects reducing consumption.
- Expense – Unit Gas (7431.00) decreased 15% (\$43,529) due to hedging lower gas prices for 2019.
- Expense – Fund Deficit Reduction (1000.00) decreased 100% (\$90,000) as no loss is budgeted for in 2019.

Please note that all other budget line items not listed above are remaining relatively flat, as defined by a less than \$10,000 and 10% variance, which is the same threshold used for the monthly financial missives.

The motion to approve the 2019 proposed GTLOA budget was made by Roger and seconded by Gerrit.

Discussion:

- *BGV is currently working on the developer contribution numbers and will bring those next Fall during budget season.*

- *The Finance Committee sees the dues increases being under double digits for the foreseeable future.*
- *The ARDA average world wide HOA dues for a two bedroom is around \$1200.*
- *GTLOA and BGV are working to introduce new revenue streams as new expenses are being introduced.*
- *Construction costs have increased significantly, and GTLOA wants to make sure the reserves are fully funded to cover the costs.*

All in favor, motion passed.

AMENITY UPDATE

- Leases for all spaces associated with the amenities project have been reviewed by the GTLOA legal counsel and signed
- Loan documents to fund the project are in process

Family Fun Center

- Demolition of Refresh Spa was completed in August
- The Family Fun Center (media rooms and arcade) are expected to open in January 2019

Guidelines for media room reservations will mirror those in place at Grand Colorado on Peak 8 and Grand Lodge on Peak 7:

- Owners can make 1 reservation up to a year in advance, as long as they have a pending reservation.
- Exchangers and all other rental guests can make a reservation once they arrive at the resort
- Once an Owner or Guest uses a theater during their stay, they can reserve additional time on the same day
- Day Use owners are able to make a reservation 24 hours in advance

Fitness Center

- Construction of the new Fitness Center began on September 24 in the prior location of the Arcade and Activities Center
- The Fitness Center is expected to open in early November 2018

Activities Center

- The existing Activities Center temporarily moved operations September 24th into the Day Use Room to make way for the new Fitness Center
- The Activities Center will relocate into the prior location of the gym upon completion of the new Fitness Center in early November 2018 (date subject to change)

GTL Market

- Construction of the new GTL Market adjacent to the Front Desk began on September 11th
- The Market is tentatively slated to open in early November (date subject to change)

Refresh Massage Studio

- Refresh Massage Studio opened in Building 1 on July 2nd
- Owners and guests have already received over 182 massages in the new space so far!

No discussion.

RESTAURANT UPDATE

Gary (Cheese) Limbruner retired on Sunday, October 14, 2018 with the closing of the doors at the Lodgepole Bar and Grill on that same date. BGV has selected a new operator for the restaurant space and we are currently working to execute the new lease. Once the lease is signed, a more formal, official announcement will be made. The restaurant space will be undergoing some renovations later this fall and the restaurant will re-open with a new name and brand.

As part of the updates at the restaurant, we are happy to announce that the prior Lodgepole General Store will be replaced with an updated Day Use Room. The Day Use Room will move out of the corner of the restaurant into this dedicated space, conveniently located near the restrooms and the restaurant, while being a clearly defined space.

Update – BGM will be taking over the restaurant and the developer will be covering \$100k in work for the restaurant.

COMMENTS TO/FROM STAFF

None at this time.

NPS REPORTS

GNPS is currently YTD at 68%, with 77% being promoters.

GONPS is currently YTD at 71%, with 78% being promoters.

TRIP ADVISOR

Grand Timber Lodge is currently ranked #4 of 23 Hotels in Breckenridge.

IMPORTANT DATES

April 4, 2019 – Finance Committee meeting at 4pm

April 22, 2019– GoToMeeting from 6pm – 8pm

October 7, 2019 – Finance Committee meeting Denver from 2pm – 5pm

October 19, 2019 – Board and Annual meeting

Contract / Agreement Dates:

- Management Agreement:
 - Renewed 4/30/2018 for 3-year term with an auto renew
- Interval International:
 - 12/5/2020 – no auto renewal
- Resale Agreement:
 - New agreement in effect 1/1/2019 then renews annually
- Reserve Study Review:
 - Every 5 years

- Next due in 2020

ACTION ITEM REVIEW

#158 – Address appearance of Building 5 pool area ceiling.

- The vents in the Building 5 pool area have been cleaned and touched up with a fresh coat of paint. We have received proposals to replace the ceiling and grid with a material suitable for the wet environment in the area of \$40,000. This is included in the 2019 budget.

Recommend to close. CLOSED 10/20/18

The meeting was recessed at 11:31am by Marc.

The Board reconvened at 2:25pm to elect officers and sign loan documents.

President – Marc Block

Vice President – Gerrit Mahsman

Treasurer – Jay Keany

Secretary – Tom Endres