



Timberline Condominium Association
Board of Director's Meeting
Saturday, September 16, 2023
8:00 AM MST

Jim Gesler, President, called the meeting to order at 8:00 AM MST

A. Roll Call—Dana Murray, Secretary

Present: Jim Gesler, President
Jan Friedlander, Vice President
Jim Braband, Treasurer
Dana Murray, Secretary
Bill Zimmerman, Member

Staff Present:

Mary Blankenau, General Manager
Chris Cawley, Director of Sales

Owners, present in person or on Zoom:

Carol Braband C3B
John Hall 302
Terry Snider C2F
Steve Cantrell 216
Rick Boeshaar A3H
Ricki Askin A2C
James & Mary Gilbert A2E
Jeff & Cathy Clark 218
Dan Braband C3B
Anne Hunter C2B
Peter Pillsbury 116
David Bennett C1D
Michael Silva D2B

B. Approval of Minutes: Board of Director's Meetings

Jim Braband made the motion, seconded by Bill Zimmerman, to approve the minutes of the Board of Director's Meeting held April 15, 2023, and the Board of Director's budget

meetings held June 22, 2023, and August 28, 2023. The minutes were unanimously approved with a correction to reflect Jim Braband as Treasurer.

C. Financial Report, Mary Blankenau

Mary reported that Rita had resigned as controller effective September 1, 2023. Timberline has hired VRSA Services to provide accounting services. Our representative at VRSA is Shelly Cosper, who used to be with Streamline and is conversant in that system. She will aid us in transitioning from ledger accounting to trust accounting. Once that platform is up and running, it will cut the workload by approximately half. Streamline has been very successful in elevating bookings with direct bookings from 15+ OTAs.

Mary and her staff are in the process of renegotiating insurance, establishing bonuses, and closing out the year. Please bear with them as this is one of the busiest times of the year.

We are having another great year. As of now, we have revenues of \$6.4 million, an all-time record. August and September are down as kids go back to school. But we have some hockey teams coming in October as well as the “leaf peepers”.

We are close to budget in most areas. We have had big increases in insurance and payroll. Due to the designation of the entire state of Colorado as a fire zone, insurance costs have almost doubled, (no surprise after the fires in Maui). The cost of living in the Valley is pushing up payroll costs. A \$1 million house in Rifle, almost 2 hours away, is not unusual. Timberline will, however, end the year with a surplus.

The Edge restaurant is “plugging along”. It’s had some recent downturn but not as much as other places. Both the Viceroy and the Viewline are reporting down in lodging and their restaurants. Aspen is reporting a decrease in restaurants businesses as well. Even The Stew Pot is down, and Il Poggio is closing after the next ski season. All are hoping that someone will buy it and continue the menu, but the owners are retiring.

D. General Manager’s Report, Mary Blankenau

This summer season was great but there is an opportunity for growth. For the period 10/1/22 through 9/30/23, the ADR for winter was \$549 and \$267 for the summer. Mary expects January, February, and March of 2024 to each exceed \$1 million. Owners are being asked to book way in advance – like now for the 2025-26 season. If necessary, block two weeks and drop one as we get closer to the date. Renters are booking specific units over the internet and don’t want to be moved.

Staffing is always a challenge. John Sipes has been hired as Facilities Manager with a staff of three. He hopes to hire an additional person this fall. The housekeeping staff has been stable. All are full time, year round employees, so all receive benefits.

The SEI Club will continue to store their ski equipment at our facility, run by Incline Sports. The TOSV is limiting the parking passes they will issue to SEI members so membership may be down this year. TOSV will hold a lottery for the passes.

Skico has a new president, Geoff Buchheister. A native Coloradoan, he spent the past 15 years running the ski operations at Whistler Resort in BC. The company will operate in three separate divisions, Mountain, Hospital and Clothing. Skico's ten-year plan for Snowmass includes a lift from the Snowmass Mall to Coney Glade. Skico will host the skiing World Cup March 2-4, 2024. They will also open the new Hero's (formerly Pandora) terrain on Aspen Mountain this ski season.

Timberline real estate remains strong. There are currently 4 units on the market ranging from \$799,000 to \$2.2 million.

Chris Cawley reported on sales and marketing. International travel is coming back, and domestic travel remains strong. We traveled to Mexico, New Zealand, and Australia this year. We will return to those destinations next year and include South America as well. Sara Boutin is our new Reservations and Social Media Coordinator. She is very well versed in social media and has improved our media presence very creatively. She will initiate a "condo of the week" feature and a #Timberline Together – the last fifty years.

Chris reported very positive feedback about the exterior renovations. Jim Braband affirmed that idea and noted that people have stated that The Timberline looks a bit run down. We should align with other properties such as Aura and Electric Pass.

Mary testified before a meeting of the Snowmass Village Town Council on August 21, 2023, about recent culvert failures in the TOSV. (Board Members, Bill and Dana attended in silent support). There is a culvert between Buildings B and C, and we sought assurances that it was not about to fail. The Council claimed that it doesn't know who owns the culvert and said they would investigate. In response to a letter from Mary to Skico, Skico was emphatic that the culvert is not their property but the property of the Town of Snowmass Village.

Timberline is in compliance with the TOSV's short term rental program. Core properties are gathering to approach the Council about an exemption to their requirements. This is a money grab, due to the bad actions of 5-6 "party homes" in the area.

The TOSV wants to convert the upper parking lots to 90 2-3 bedroom living units for employee housing. We would lose our down valley views as well as the parking spaces. Laurelwood is leading the charge against this. A motion was made by Bill Zimmerman, seconded by Dana Murray to join Laurelwood in hiring a lawyer to get the housing in the upper parking lots out of the town's plans. All in favor, motion carries. The \$40 million proposed transit center was voted down by the Town Council 4 to 1. It goes back to the drawing board.

Mary is negotiating a new lease for the land under the maintenance building. The lease is up in two years.

Capital projects for the 2022-2023 year included: AT & T building at the end of A building, resurfacing of the interior of the pool/hot tub and architectural drawings for the exterior renovations are complete. The building of the new trash enclosure is underway and will be completed before the ski season.

Capital projects for the 2023-2024 season include: a new laundry truck, new pool deck furniture, renovation of Lodge hallways and exterior renovations. C building snowmelt, two new dryers, and replacement of irrigation and brain boxes will take place as needed. These items are already in the capital budget.

Exterior renovations. Consideration of exterior renovations continues. A mockup of the exterior was erected in the parking lot for review. Issues still under consideration are glass balconies, wing walls on the patios/balconies, stair size, and chimneys. Jim Braband presented several financing methods with Alpine Bank. Jim believes that the entire project should be limited to expenditures of \$2.5 million from capital reserves and \$15 million from owners in special assessments. With 161.5 total assessable units, the assessment would range from \$92, 880 for a studio unit to \$232,200 for a three-bedroom unit. A detailed description of the proposal and financing alternatives from Alpine Bank are attached hereto as Exhibit A. and incorporated into these minutes by reference.

Occupancy projections and room rates for the period during construction are not yet available. We will look at comparable rates in Snowmass Village properties. All amenities of Timberline will be available during construction including The Edge, the pool and hot tubs, the steam room and sauna and the exercise room. Construction would start in May and finish by November for phase 1 (the Lodge building and D building.)

Rules and Regulations. The rules regarding the rental program were added to the Rules & Regulations. Although they are stated in the owner's contract, staff feels it is reinforced through this document. Owners must decide whether they are in or out. If they choose to leave the program, they must honor all reservations on the books or pay the costs of moving a current reservation. There will be a fee to re-enter the program at a future time.

Owners should be aware that if they leave their car in the parking lots for summer, any car left in the same parking place after four days will be ticketed. Any owner leaving a car in winter will pay for moving the car and for snow removal. Owners must sign a waiver of liability for these actions.

Comments from Owners. Congratulations to the staff for persevering during the Covid pandemic. There were questions of a fire ban after the Maui fires. We must follow the

requirements of the Roaring Fork Fire District. There are fire alarms in every building. There was a question of using fire retardant foam on the exteriors of each building – cheaper than replacing the whole building. There will also be removal of trees and are too close to the buildings.

Jan moved to adjourn the meeting into Executive Session, seconded by Bill Zimmerman and the motion was approved unanimously.

After the Executive session, a motion to adjourn the meeting was made at 11:46 AM and approved unanimously.

Exhibit A

Financing Proposal for Timberline Exterior Renovation Project

Based on cost estimates recently provided by Rudd Construction, we currently estimate that the costs of the renovation, including a 10% contingency, should be around \$17.5 million. After utilizing the \$2.5 million of current capital reserves dedicated to this project, we are left with a balance of \$15 million that will require a special assessment of the owners. Based on 161.5 total assessable points, and a \$15 million requirement, the special assessment for each type of unit would be as follows:

Type of Unit Assessable Points Special Assessment

Studio 1.0 \$ 92,880

Studio Loft 1.25 \$ 116,100

One BR, One BR/Loft 1.5 \$ 139,320

Two BR, Two BR/Loft 2.0 \$ 185,760

Three BR 2.5 \$ 232,200

Recognizing the significant cost of this project we have been working closely with Alpine Bank to provide a financing option to the Timberline Homeowners Association (HOA). The proposal which follows is preliminary but follows several rounds of discussion with the local Alpine Bank branch. It has been structured to win the approval of Alpine Bank's Loan Approval Committee.

The proposed financing is a two stage process. Stage 1 covers the 20 month construction time frame from May 1, 2024, through December 31, 2025.

In Stage 1 Alpine Bank will furnish us with a \$ 15 million interest-only line of credit that we will be regularly drawing on to pay the cost of construction. Once the construction term is over, the outstanding balance on the line of credit (assumed for this exercise to be \$ 15 million) converts to a term loan. The term loan constitutes Stage 2. This stage will begin Jan. 1, 2026.

Stage 1: Alpine Bank Line of Credit

- Interest only loan for 20 month construction period
- Money remaining from Timberline's earmarked \$2.5 million capital reserve funds will be used before drawing on the line of credit.
- \$15 million credit line, drawn as and when required.
- Current rate: Prime (8.5%) minus 0.375%, floating daily with no floor.