



October 27, 2021

Subject: Fall Update

Dear Homeowners,

This is our annual State of the Park Plaza report. We are pleased that despite challenges our building operations are returning to normal. For example, we enjoyed a successful summer season with the highest July occupancy in history. Winter bookings seem strong but “covid” may somewhat disrupt ski mountain operations and thus occupancy.

As you can see from the financial report, our Association ended the fiscal year in stable financial condition due in part to our having received \$400,000 in forgiven PPP loans.

As we plan for next year, two major issues emerge. First, we are experiencing rapidly increasing costs, particularly in labor, utilities, and supplies. The well-advertised national labor shortage is amplified in our mountain community, in part due to increasing housing costs and shortages. We continue to enjoy a mostly stable staff, but it is important we offer market salaries to retain our personnel.

Second, we have been working to accomplish and fund several upgrades to the Park Plaza. Costs for these projects continue to escalate and construction times are extending. For example, our first planned project involves an Outdoor Hot Tub, Pool/Spa/Workout upgrades and a Lobby refresh. We now estimate this project may be accomplished during 2022 and 2023 and will cost roughly \$3.5 million.

Other desired or required projects include condo interior upgrades, window replacement and perhaps unit air conditioning. These improvements will have similarly large price tags.

Because of the pandemic, we did not implement last year's planned 5% increase in our annual dues. This year, to fund increased building operation costs and accomplish our pool/lobby improvement projects, we are increasing annual dues by 20%. After this increase we believe our assessment levels will still compare favorably to other fractional properties in Beaver Creek and Avon (see attached comparison on page 3). Prior to our January annual meeting, we will prepare and circulate dues planning for your review & consideration. The six-month dues, due this December 1, are

- 2 Bedroom \$3,265
- 2 Bedroom + Den \$3,851
- 3 Bedroom \$4,149



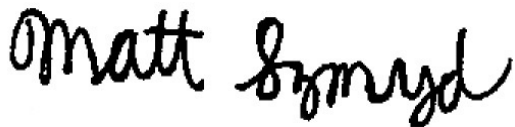
For comparison, pages 4 and 5 have a recent Bloomberg article noting that US Condominium fees increased 19% from August 2020 to August 2021, a period during which the Park Plaza dues did not increase. Also, the Federal Reserve's current estimate for the 2021 inflation is 4 to 5%.

Our proposed Budget is on page 6, and our proposed Capital Spending is on page 7.

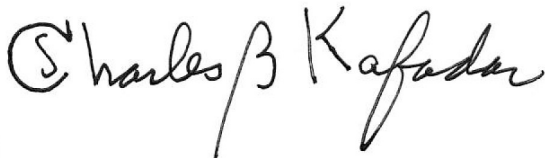
If owners want to **accelerate** other improvement projects, e.g., unit interior upgrades, special assessments would likely be necessary. We believe investment in our building will both improve owner experiences and increase our property values. However, any decision to pursue improvements requiring assessments would require broad owner support.

Park Plaza enjoys an advantageous location and spacious units in the heart of a premier North American ski resort. Our building and resort have a bright future. We will continue to manage our Association for the benefit of owners.

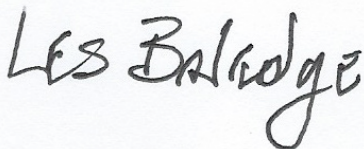
Sincerely,



Matt Szmyd, COO & Property Manager



Charles Kafadar, President & Board Member



Les Baledge, Board Member



Jeff Deem, Board Member representing Vail Associates



2021 Fractional Ownership Annual Dues Comparison

Property	Ownership	Yearly Assessment	Yearly Assessment Cost for 1/10th Ownership	Breakfast	Housekeeping	Amenities
Park Plaza	1/10th (5 Weeks)	\$5,452	\$5,452	Continental Included	Daily Included	Indoor Pool & Hot Tubs
Post Montane	1 Week	\$1,370	\$6,850	Continental Included	Daily	Indoor Hot Tub & Park Hyatt amenities
St. James	1 week	\$1,484	\$7,420	No	Weekly	Indoor Pool & Hot Tubs & Outdoor Hot Tub
Hyatt Mountain Lodge	1/20th	\$5,967	\$11,934	Restaurant	Weekly	Outdoor Pool & Hot Tubs
Park Hyatt Residences	1/20th	\$6,041	\$12,082	Restaurant	Daily	Outdoor Pool & Hot Tubs
Westin - Avon	1 Week	\$2,000	\$10,000	Restuarant	Weekly	Outdoor Pool & Hot Tubs
Austria House - Vail	5 weeks	\$14,480	\$14,480	Continental Included	Weekly	Outdoor Pool & Hot Tubs
Sebastian - Vail	2 Winter weeks	\$8,382	\$20,955	Restaurant	Weekly	Outdoor Pool & Hot Tubs
Timbers Bachelor Gulch	3 Weeks	\$12,905	\$21,508	Restaurant	Daily	Outdoor Pool & Hot Tubs
Gravity Haus - Vail	5 Weeks	\$13,482	\$13,482	No	Weekly	Indoor & Outdoor Hot Tubs

Economics

U.S. Condo Fees Surge 19% as Energy, Wage Bills Pile Up

By [Alexandre Tanzi](#) +Follow

September 25, 2021, 7:00 AM MDT

- ▶ The rise adds \$900 a year to residents' budgets: Zillow data
- ▶ NYC fees are up 22%, while San Francisco fell 6.3% from 2020

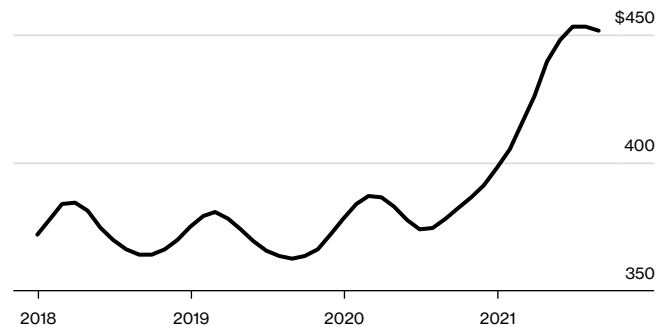
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Monthly condo fees have surged in the U.S. to help cover higher bills for electricity, repairs and wages for front desk staff.

The monthly median fee set by condominium homeowners associations jumped 19% from a year earlier to about \$451 in August, according to data compiled by Zillow Group Inc. That amounts to an extra \$900 per year to residents' budgets.

Condo Costs on the Rise

Fees have surged to about \$450 per month in the U.S.



Source: Zillow Group Inc.

Note: Median fee of all condos that have an homeowners association fee included. Condos with no HOA fee were filtered out

Fees are rising in part because inflation and labor shortages have increased the prices of everything from energy to

landscaping. Maintenance and repairs are also more frequent because more people are working from home and their children.

In addition, the deadly collapse of a condominium building north of Miami in June has resulted in newfound attention to safety standards.

An estimated 74 million people live in communities managed by homeowners associations, which determine what services to provide and at what cost for the communal parts. Condominiums account for about 35% to 40% of the total, according to the Community Associations Institute.

Amenities and the age of the building play a large role in median rates, which vary widely across metropolitan areas. In New York City, which has an abundance of older housing stock that wastes more energy than newer buildings, the median monthly fee is much higher than the rest of the country. It rose 22% from a year earlier in August to \$948.

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In San Francisco, where many residents packed up and left during the pandemic, fees have fallen from a year earlier. The median monthly cost was down 6.3% to \$454 in August.

2022 PPCA Budget - 12/1/21 through 11/30/22				
	2021 Budget	2022 Budget	Change	2022 Change Notes
Assmt. Revenue	\$2,499,564	\$2,945,500	\$445,936	
Owner Late Charges	1,000.00	1,000.00	0.00	
Owner Rebill Charges	1,000.00	1,000.00	0.00	
Investment Income	15,000.00	15,000.00	0.00	
Locker revenues	32,000.00	42,500.00	10,500.00	Yearly locker renatl increase from \$375 to \$500
Bonus Night Revenues	5,000.00	5,000.00	0.00	
Rental Fees	390,000.00	390,000.00	0.00	
Other Income	3,000.00	3,000.00	0.00	
Total Income	2,946,564.00	3,403,000.00		
Employee wages	928,000	1,020,000	92,000	Increase in Wages
Other Employee Expenses	174,500	186,000	11,500	Increase in payroll taxes & health insurance
Pool & Spa Maintenance	10,000.00	10,000.00	0.00	
Room Amenities	45,000.00	45,000.00	0.00	
Cleaning Supplies	18,000.00	20,000.00	2,000.00	Increase in supply costs and additional surface cleaning
Laundry Supplies	12,000.00	12,000.00	0.00	
Linen/Robes	12,000.00	12,000.00	0.00	
Cable Television	50,000.00	51,500.00	1,500.00	Contract price increase
Contract Cleaning	15,000.00	15,000.00	0.00	
Continental Breakfast	60,000.00	60,000.00	0.00	
Res. Repair & Maintenance	45,000.00	45,000.00	0.00	
GCE Repairs & Maintenance	140,000.00	140,000.00	0.00	
Landscaping	500.00	500.00	0.00	
Snow Removal	5,000.00	5,000.00	0.00	
Elevator	17,000.00	21,000.00	4,000.00	Increase in elevator contract and maintenace costs
Christmas Decorations	500.00	500.00	0.00	
Electricity	55,000.00	62,000.00	7,000.00	Increase in utility expense
Natural Gas	45,500.00	65,000.00	19,500.00	Increase in utility expense
Water & Sewer	53,000.00	58,000.00	5,000.00	Increase in utility expense
Trash Removal	9,000.00	9,000.00	0.00	
Fire, Life, & Safety	10,000.00	11,000.00	1,000.00	Increase in contract and maintenace costs for fire protection system
Office Supplies	8,000.00	8,000.00	0.00	
Telephone Charges	7,000.00	7,000.00	0.00	
Computer Expenses/Internet	25,000.00	25,000.00	0.00	
Postage	600.00	600.00	0.00	
Bank Charges	400.00	400.00	0.00	
Payroll Acct. Fee	3,500.00	3,500.00	0.00	
Other Acct.	38,000.00	38,000.00	0.00	
Legal	6,000.00	8,000.00	2,000.00	Increase in yearly contract and fees
Insurance	33,000.00	45,000.00	12,000.00	Increase in premiums and covered cost of building replacement
Board Expense	3,000.00	3,000.00	0.00	
Marketing & Promotion	5,000.00	5,000.00	0.00	
Real Estate Taxes	150,000.00	150,000.00	0.00	
Travel Agent Commision	90,000.00	90,000.00	0.00	
Credit Card Discount	32,000.00	36,000.00	4,000.00	
Audit/Professional Studies	10,000.00	10,000.00	0.00	
Total Operating	2,116,500.00	2,278,000.00	161,500.00	Increase in Wages, Insurance & Utilities
Contribution to Reserve	825,000.00	1,125,000.00	300,000.00	Increase in contribution to reserve
GCE Replacement Reserve	425,000	425,000	0	
Residential Replacement Reserve	400,000	700,000	300,000	

