

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
May 25, 2017**

A Special Meeting of the Board of Directors of the Beaver Creek Resort Company of Colorado, a Colorado non-profit corporation (the “Company”) was held on Thursday, May 25, 2017, in the Juniper Room of the Beaver Creek Lodge, Beaver Creek Subdivision, Eagle County, Colorado.

Ms. Howard called the meeting to order at 8:02 a.m. and Ms. Jones verified Notice of Meeting Sent and a quorum established for the purposes of the meeting. The following members of the Board of Directors were present in person or by conference telephone:

Beth Howard
Tim Maher
Bob Boselli
Phil Metz
Brian Nolan

Kristin Williams
Ross Bowker via conference phone
Jim Donohue
Jeff Luker

Representing the Company were Jen Brown, Managing Director, Tom Allen, Treasurer, and Elizabeth Jones, Secretary. Also present were Kathy Calton and Sarah Stutman from BCRC; Steve Nusbaum from Design Review Administration; Lou Kreig, Larry Graveel, and Dave Eickholt from BCPOA; Jim Fraser from BC Metro District, Duncan Horner from Vilar Performing Arts Center, and Tim Baker from Village Operations.

1. Public Comment. None.
2. Minutes of the Beaver Creek Resort Company Annual Board Meeting March 23, 2017. Upon motion made by Mr. Nolan and seconded by Mr. Maher, the minutes of the Board Meeting held March 23, 2017 were unanimously approved as presented. The approved minutes are attached as Exhibit A.
3. Financial Report April 30, 2017. Mr. Allen reviewed the Financial Report ending April 30, 2017, attached as Exhibit B, as follows:

Year-to-Date Revenues – Total year-to-date revenues had a positive variance of \$2,946,011. April Civic, Lodging Civic and Mountain/Recreation Assessments were better than anticipated with a positive variance for the month of \$263,566. This brings the year-to-date negative variance to \$326,855. RETA continues to be strong with April assessments of \$555,033 compared to budget of \$300,274. Including the Park Hyatt sale, year-to-date, RETA was \$3,208,111 ahead of budget. Excluding the Park Hyatt sale, year-to-date, RETA would still have a positive variance of \$721,686.

Year-to-Date Expenses - Expenses had a positive year-to-date variance of \$310,628. Activities and Events had a positive variance of \$336,081 with the majority of the variance due to the cancellation of the World Cup races. There were also small savings in various other events. The negative variance in Vilar contributions is due to the increase in RETA revenue. Professional services had a positive variance of \$136,327. This is due to the timing of invoices for the design guidelines project and visioning project. Marketing had a positive variance of \$148,762. The variance is due to the timing of production and media buys and is not a permanent variance.

Year-End Revenues - Year-end revenues are forecast to have a positive variance of \$2,419,639. The current forecast is showing a negative variance of \$326,855 for Civic, Lodging Civic and

Mountain/Recreation Assessments. This variance is due to the combination of the World Cup races being cancelled, poor snow conditions during November and early December and a weak March. The year-end forecast for RETA was increased to \$2,708,756 to account for increased sales and the Park Hyatt sale.

Year-End Expenses – We are currently forecasting a negative variance of \$43,773 in expenses. The majority of the variance is due to:

- \$281,305 savings from the World Cup races;
- \$135,439 negative variance in the Vilar Center RETA contribution;
- \$24,700 savings in other consulting services;
- \$51,141 negative variance due to the true up of BCMD transportation funding;
- \$105,804 negative variance in transportation vehicle leases;
- \$105,450 negative variance in parking lot bus maintenance; and
- \$20,248 savings on our insurance premiums.

Capital Expenditures: \$358,468 has been spent on capital projects through May. Expenditures on capital include \$83,322 for variable message signs; \$19,047 for special event equipment; \$13,154 on the second phase of the village lighting project; \$166,382 on the office remodel; and \$49,788 on plaza furniture and fire pits. Of the remaining capital budget of \$753,032, \$365,847 is for required maintenance capital. This leaves \$387,185 for strategic capital.

Cash Balance: The ending cash balance for March was \$10,143,262 compared to a budgeted cash balance of \$6,988,261. Year-end forecasted cash balance is \$4,580,806.

Mr. Bowker asked if the Board could suggest purchasing a proper chandelier such as a Chihuly art piece for the Vilar Center with the RETA monies generated from the Park Hyatt sale; Mr. Allen confirmed the RETA monies to the Vilar go to the super-programming series, not operating or capital.

Mr. Bowker inquired about investments; Mr. Allen stated monies are invested in CDs. Mr. Allen was directed by Board to check with Alpine Bank for longer term CDs and the possibility of waiving penalties.

Mr. Nolan asked about the transportation line item; transportation maintenance is outsourced to the Town of Avon via contract with the Beaver Creek Metro District, as well as other locations. The line item was over budget and more buses needed maintenance this year. It is less expensive to drive a bus to Grand Junction for service and repairs.

4. Roof Regulation Repeal Ratification. Ms. Brown presented the Roof Regulation Repeal from the Design Review Board. The repeal is for clarification purposes and is replaced by the new Design Review Regulations for Single Family and Duplex homes. Upon motion made by Mr. Luker and seconded by Mr. Maher, the ratification of the repeal passed unanimously.

5. Construction Activities & Compliance Deposit Regulation Updates Approval. Staff and counsel have been working to make some clarifying changes to the Construction Activities & Compliance Deposit Regulation. Highlights include clarification of maintenance and repairs, retraction of some confusing cross-references in the document, defining “Construction Activity,” and changing the term of “Remodel” to “Low-Impact Project.” Some timelines were amended to be more reasonable. Compliance deposit amount and administration were clarified. Noise and construction hours, access and parking, and the right to fine were all redefined. Board discussed Compliance Deposit and fee structure for violations; Board believes the higher fines will demand compliance. Design Review staff is empowered to determine the fees depending on the situation. Property owners are responsible on each project. Board agreed

enforcement should be consistent. Mr. Boselli motioned to approve the changes to the Construction Activities & Compliance Deposit Regulation as presented; seconded by Mr. Maher. Motion passed unanimously.

8. Vilar Digital Kiosk Proposal. Duncan Horner, Executive Director of the Vilar Performing Arts Center, presented a bid to place kiosks in Beaver Creek village that promote Vilar performances and BCRC events at a cost that is split between VPAC and BCRC. Board discussed the aesthetics, technology, placement, usage and practicality of such kiosks to increase the visibility of the Vilar in the village. Content will be separately managed. Mr. Luker motioned to move forward with the purchase of two kiosks for the village; seconded by Mr. Nolan. Motion passed unanimously.

9. Marketing Update. Mr. Metz presented a verbal update of marketing successes and learnings from the winter and the plans for summer marketing. Winter proved a successful return of the demographics desired and an increase in HNW guests which is a result of the ongoing focus of the marketing team. Beaver Creek has a high mix of families and half of guests are under 18 years old. The gains in guest loyalty are the goal. The experience of the resort attracts loyal visitation. Summer advertising campaigns began in April. Golf advertising is off; Board discussed possible messages for golf packages.

8. Host Compliance Service Update. Ms. Jones presented an update on the Host Compliance Service for collection assistance for Civic and Lodging assessments from short term rentals. The contract has been executed and the prep work on the data base and reports necessary to set up the service are underway. The service is anticipated to begin in late June dependent upon the reporting data needs. Another update of progress will be available at the next Board meeting.

9. Group Sales Update. Ms. Brown updated the Board on group sales initiatives. Mitzi Forrester has booked a group for next summer. Suzuki is returning in June and Ms. Forrester will assist the group. Merchants desire to be more involved with group activities. The group specific information available for the Village is valuable to merchants.

Ms. Williams entered the meeting at 9:21 am.

10. New Business. Mr. Allen asked the Board for approval to renew the BCRC line of credit. Upon motion made by Mr. Nolan and seconded by Mr. Donohue, the Board unanimously agreed to renew the line of credit.

Mr. Luker wished to discuss violations on South Fairway. Upon motion by Mr. Nolan and second by Mr. Maher, the Board unanimously agreed to move into executive session at 9:31 am.

At 10:23 am, upon motion made by Mr. Luker and seconded by Mr. Nolan, the Board unanimously agreed to move out of executive session.

With no further business to come before the board and upon motion by Mr. Nolan duly made, seconded by Mr. Boselli and unanimously approved, the meeting adjourned at 10:25 am.

Respectfully submitted,

Elizabeth Jones
Secretary

LIST OF EXHIBITS
SPECIAL MEETING OF THE BOARD OF DIRECTORS
BEAVER CREEK RESORT COMPANY OF COLORADO
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- A. Minutes of the BCRC Board of Directors Meeting March 23, 2017
- B. BCRC Financial Report ending April 30, 2017