

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
November 26, 2016**

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 Saturday, November 26, 2016, in the May Gallery of the Vilar Performing Arts Center, Beaver Creek Subdivision, Eagle County, Colorado. The meeting commenced at 10:01 a.m. The following members of the Board of Directors were present in person or by conference telephone:

Doug Lovell	Kristin Williams
Tim Maher	Ross Bowker via conference phone
Bob Boselli via conference phone	Jim Donohue via conference phone
Phil Metz	Jeff Luker

Representing the Company were Jen Brown, Managing Director, Tom Allen, Treasurer, and Elizabeth Jones, Secretary. Also present were Beth Howard from Vail Resorts, Kathy Calton from BCRC, Bill Simmons, Jim Fraser and Larry Graveel from Beaver Creek Metropolitan District (BCMD), Bonnie Vogt from Design Review Board, Tim Baker and Jerry Hensel from Resort Operations, and Lou Kreig and Jeanie Kearney from Beaver Creek Property Owners Association (BCPOA).

1. Election of Board Officers. Upon motion made by Mr. Luker, seconded by Mr. Metz and unanimously approved, the FY17 officers of the Beaver Creek Resort Company Board of Directors are appointed as follows:

<u>Name</u>	<u>Office</u>
Doug Lovell	President
Kristin Williams	Vice President
Ross Bowker	Vice President
Jim Donohue	Vice President
Jeff Luker	Vice President
Phil Metz	Vice President
Tim Maher	Vice President
Brian Nolan	Vice President
Bob Boselli	Vice President
Elizabeth Jones	Secretary
Tom Allen	Treasurer
Brent Alm	Assistant Secretary
Dawn Friedman	Assistant Secretary
Don Eggers	Assistant Secretary
Bonnie Vogt	Assistant Secretary
Ludwig Kurz	Assistant Secretary

2. Public Comment. Ms. Jeanie Kearney wished to further discuss the outdoor lighting regulation and asked that she be allowed to speak later in the agenda to the Seasonal Outdoor Lighting and Holiday Decoration Regulation discussion.

Ms. Jones noted the Class A quorum was not met for the 2016 election. The final results were 16.75% of Class A votes recorded; 20% is required for a quorum. Counsel verified the incumbent Mr. Jeff Luker, as the only candidate running for the same seat, will keep his Board seat without the quorum until either a) he resigns the seat, or b) another member challenges the seat and wants to run for the Board. If a member challenges the seat, BCRC would be required to hold another Member meeting with the full election process. Until such time, it is appropriate to keep the incumbent Mr. Jeff Luker in his Class A representative seat. If there had been two candidates running for the Class A seat, the BCRC Board would have to suspend the Member meeting for 30 days until a quorum is met.

3. Minutes of the Beaver Creek Resort Company Board Meeting September 22, 2016. Upon motion made by Mr. Maher and seconded by Mr. Luker, the minutes of the Special Meeting held September 22, 2016 were unanimously approved as presented and are attached as Exhibit A.

4. FY16 Budget Final Results. Mr. Allen reviewed the Final Budget Results for FY16, attached as Exhibit B, as follows:

Revenues: Revenues ended the year with a positive variance to budget of \$63,313 or .32%. Compared to the prior year, revenues were negative \$48,829 or .25%.

- Civic, Lodging Civic and Mountain/Recreation Assessments had a combined positive variance of \$66,641 compared to budget and are \$852,874 ahead of last year.
- RETA ended the year with a negative variance of only \$276,571. For the month of September RETA was ahead of budget \$270,016.
- Special event revenues had a positive variance of \$274,266. Both winter and summer events showed strong revenue growth.

Expenses: Expenses had a positive variance of \$1,318,838 or 7.1%. Major expense savings included:

- Activities and events had a positive variance of \$242,040. Most of the savings was due to the cancellation of the auto festival (\$46,800) and Rendezvous Music Festival (\$96,000). In addition \$50,000 had been budgeted in the summer to support an event to help increase group business. The savings from this event was \$44,619.
- Marketing ended with a positive variance of \$516,834. The variance was due to the savings for the 2015 Championships contribution and the group sales position.
- Transportation had a total positive variance of \$469,133. Savings include the annual true up between the BCRC fiscal year and the BCMD calendar year, BCMD funding being higher than budgeted and savings in parking lot bus maintenance.

Capital Expenditures: \$1,102,979 was spent on capital. The major capital expenditures for FY 2016 included village lighting upgrades, village handrails, landscaping residential road entries, plaza landscaping and furniture, firepit, the camera security system, tow truck and snowmelt boiler.

Reserves: The ending cash balance was \$3,040,556 compared to a budgeted cash balance of \$1,753,938.

5. FY17 Operating Budget Ratification. Mr. Allen reviewed the final version of the FY 2017 budget. Most of the changes that were from the prior version given preliminary approval at the September Board meeting are due to tightening up the budget numbers as additional information was received. The only major change was the increase of \$200,000 in marketing that was approved by the Board at the September meeting. Changes from the prior version include:

- Revenues increased \$35,602. Civic, Lodging Civic and Mountain and Recreation Assessments increased when the budget assumptions were applied to the actual assessments received in August and September. In the previous version August and September assessments were estimates.
- Expenses increased \$174,823 due to the approved \$200,000 increase in Marketing. This increase was partially offset by savings in other expense areas.
- Net income decreased \$139,221 as a result of the changes in revenues and expenses.
- Capital expenditures increased \$111,500. The variable message signs were not completed in FY 2016 and the remaining expenditures were moved to FY 2017. \$50,000 in capital contingency was added.
- Ending unrestricted cash balance decreased \$274,215 as a result of lower net income and increased capital expenditures.

Board discussed some economic impacts anticipated and requested Mr. Allen report on the estimated impact in the January Board meeting.

Mr. Maher motioned to ratify said FY17 Budget, Ms. Williams seconded, and the motion passed unanimously.

6. FY17 common Assessment Mill Levy Resolution. Mr. Maher motioned to adopt the proposed mill levy rate and was seconded by Mr. Luker; the motion unanimously passed as:

RESOLVED, that the Board of Directors hereby adopts zero mills as the mill levy rate for Common Assessments of the Company for the calendar year 2017.

7. DRB Residential Guidelines First Draft Approval. Mr. Luker reviewed the progress made over the past year in the Design Review Guidelines update project. Shepherd Resources, the hired consultant for the project, has done a great job taking input from the community and BCPOA members in multiple open forum meetings regarding the Guidelines. BCPOA appointed a subcommittee on the subject that has offered input. The first draft has been vetted in detail with the BCRC Board special committee who recommends BCRC Board approval of the first draft to release to the public for further feedback. BCRC Counsel will review the final draft. Mr. Donohue recommended attention to encroachment issues and avoiding appearance of increased mass. Upon motion made by Mr. Maher and seconded by Mr. Luker, the Board unanimously approved the first draft of the Design Review Guidelines for release and review by the public and to proceed into the second draft phase.

8. BCRC Regulation for the Control of Dogs. Counsel drafted a revision of the BCRC Regulation for the Control of Dogs that outlines the authority and enforcement of animal control from Eagle County. Further, BCRC staff will have the ability to operationally prohibit dogs from some event areas. After discussion, Ms. Williams motioned to approve the regulation as presented; seconded by Mr. Metz. Motion passed unanimously.

9. BCRC Regulation of the Display of Flags. Board discussed the proposed Regulation of the Display of Flags. Mr. Luker suggested a flagpole height of 30 feet makes more sense for the size of homes in Beaver Creek, and the standard flag size should be 5 feet x 8 feet. Mr. Bowker suggested draping of the flag or flag bunting should be allowed during Federal patriotic holidays. Mr. Maher motioned to approve the Regulation of the Display of Flags with these suggested modifications to be reviewed by counsel; seconded by Mr. Luker. Motion passed unanimously.

10. BCRC Seasonal Outdoor Lighting and Holiday Decoration Regulation. Board discussed the suggested modifications to the seasonal Outdoor Lighting and Holiday Decoration Regulation. After

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lengthy discussion, the suggested lighting times were changed to 5 p.m. to 12 a.m. daily during the season dates listed. Mr. Bowker motioned to approve the regulation with the suggested change of hours from 5 p.m. to 12 a.m. and season dates of November 15 to January 15; seconded by Mr. Donohue. With a vote of five for, three against, the motion passed.

Mr. Luker spoke on behalf of the Board to thank Mr. Lovell for his many years of dedicated service and thoughtful contributions to the BCRC Board. Mr. Luker further stated Mr. Lovell is fair and balanced, cares deeply and listens to all constituents and is a consensus builder. Mr. Lovell's work at Beaver Creek is greatly appreciated and the Board will miss him.

With no further business to come before the board and upon motion by Mr. Metz duly made, seconded by Mr. Maher and unanimously approved, the meeting adjourned at 10:49 am.

Respectfully submitted,

Elizabeth Jones
Secretary

LIST OF EXHIBITS
SPECIAL MEETING OF THE BOARD OF DIRECTORS
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- A. Minutes of the BCRC Board of Directors Meeting September 22, 2016
- B. FY16 Budget Final Results