

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
March 17, 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 Thursday, March 17, 2016, in the Juniper Room of the Beaver Creek Lodge, Beaver Creek Subdivision, Eagle County, Colorado. The meeting commenced at 8:03 a.m. The following members of the Board of Directors were present in person or by conference telephone:

Doug Lovell
Jeff Luker
Tim Maher
Brian Nolan

Phillip Metz
Jim Donohue
Ross Bowker, via conference phone

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, Bill Simmons and Lou Kreig representing the Beaver Creek Metropolitan District (BCMD), Tim Baker and Jerry Hensel from Resort Operations, Steve Nusbaum from Design Review Administration (DRB), Dave Eickholt and Bonnie Vogt from Beaver Creek Property Owners Association (BCPOA), and Rod Miller, property owner.

1. Public Comment. Lou Kreig noted the Metro District firehouse construction is on schedule and the stucco exterior will begin next week. Shingles will be installed the first week of April. The contractors are planning on a temporary certificate of occupancy in early May. The old firehouse land sale contract has been terminated and the real estate agent is back to aggressively marketing the property for sale.

2. Minutes of the Beaver Creek Resort Company Board Meeting January 26, 2016. Mr. Luker noted a correction needed for the Meeting Minutes of January 26, 2016; Item number 8, the Director asking the question was Mr. Nolan, not Mr. Luker. Upon motion made by Mr. Luker and seconded by Mr. Maher, the minutes of the Special Meeting held January 26, 2016 were unanimously approved with one correction and are attached as Exhibit A.

3. Financial Report December 31, 2015. Mr. Allen reviewed the Financial Report for February 29, 2016, attached as Exhibit B, as follows:

Revenues: Year-to-Date - Through February revenues have a positive variance to budget of \$34,335 and compared to the prior year revenues are negative \$306,030.

- Civic, Lodging Civic and Mountain/Recreation Assessments had a combined positive variance of \$151,887 compared to budget and were \$627,101 ahead of last year. Civic and Lodging Civic Assessments are showing some weakness compared to the budget with a total negative variance of \$68,421 but were ahead of last year by \$181,486. The negative variance is being offset by Mountain/Recreation Assessments which had a positive variance of \$220,308.
- RETA had a negative variance of \$320,691 or 6.4%. Volume was down with 28 condominium and home sales this year compared to 36 at the same time last year.
- Design Review Board fees had a negative variance of \$21,385 due to a reduction in the number of remodel reviews this year.
- Business licenses were below budget \$12,354. This is due to timing and should not affect year end.

- Activities and special events revenues had a positive variance of \$177,411. This variance includes increases in revenues for Birds of Prey, New Year's Eve, Winter Culinary Weekend and Talons Challenge sponsorships.

Revenues Year-End – The current forecast shows a positive variance at year-end of \$160,478 or .8%.

- Currently no variance is forecasted for Civic, Lodging Civic and Mountain/Recreations Assessments. The last two weeks of March are expected to be very strong.
- No year-end variance is being forecast for RETA. There are currently 23 properties under contract with a value of over \$49,000,000.
- Special events revenues are forecast to have a positive variance of \$169,778. This variance is based upon the increases in Birds of Prey revenue, New Year's Eve revenue and Winter Culinary Weekend and Talons Challenge sponsorships.
- Ice rink revenues are forecast to have a positive variance of \$45,000.
- Design Review Board fees are being forecasted down \$55,000. There are fewer remodel applications being submitted this year than in the prior year.

Expenses: Year-to-Date - Expenses had a positive variance of \$665,487 or 7.3%.

- Marketing had a positive variance of \$396,635. The majority of the savings is due to the \$350,000 savings for the 2015 Championships contribution as explained previously. There was also savings of \$10,769 for the group sales position.
- Transportation had a total positive variance of \$228,029. There was a savings of \$54,017 due to the annual true up between the BCRC fiscal year and the BCMD calendar year. The BCMD funding was higher than budgeted and resulted in a savings of \$16,772.
- Public safety had a positive variance of \$13,483 with the majority of the savings due to the timing of off-site parking payments.
- Interest expense has a negative variance of \$17,243 due to the accounting treatment associated with the 2015 Championships contribution.

Expenses Year-End – The current year-end forecast for expenses shows a positive variance of \$494,711.

- Activities and special events forecasted positive variance of \$57,000 is due to savings in Tree Lighting, Birds of Prey and Winter Culinary Weekend expenses.
- Marketing's positive variance of \$380,000 is due to the accounting treatment of the \$350,000 2015 Championships contribution and a savings of \$30,000 for the village-wide sales position.
- Transportation is forecast to have a positive year-end variance of \$75,470 due to the BCMD contribution which is higher than budgeted.
- The negative variance in interest expense is due to the accounting treatment of the 2015 Championships contribution.

Capital Expenditures: \$203,250 has been spent on capital thus far. Most of this has been spent on the village handrails, relocating the snowmelt manifold at the top of the Ford Hall escalators for a new fire pit, village landscape planning, the purchase of new planters and village core lighting upgrades.

Reserves: The ending cash balance for February was \$1,934,598 compared to a budgeted cash balance of \$543,257. Year-end forecast for the cash balance is \$2,559,827.

4. Design Review Residential Guidelines RFP. Ms. Brown reported successful progress of the Design Review Residential Guidelines RFP. On February 5, 2016, six companies were invited to bid on the Beaver Creek Design Review Guidelines update. Two companies submitted proposals by the February 29th deadline. Staff has reviewed both proposals carefully and recommended Proposal B.

Mr. Donohue and Mr. Maher both expressed concern that the guidelines will have to begin with clear direction and input from community stakeholders. Discussion continued regarding the scope of the guidelines and if they should include contemporary design. The process, materials, and design intent will all be reevaluated prior to writing new guidelines. All Board members agreed to study the proposals received and give direction to staff within a week for the next steps.

Mr. Luker motioned to approve funding of \$120,000 for the Design Review Residential Guidelines initiative; Mr. Maher seconded. Motion passed unanimously.

Mr. Nolan requested a presentation by Land Title at a future Board meeting to discuss what the real estate climate is in Vail and Beaver Creek and how it is anticipated to change.

5. BCRC Board Appointments to the Vilar Center for the Arts Foundation Board. Mr. Nolan motioned to accept the sub-committee's recommendation to appoint Ms. Brown and Mr. Luker to the VCAF board as per the agreements between BCRC and Vail Valley Foundation; seconded by Mr. Maher. Motion passed unanimously.

6. Proposed Merchant Display Dates 2016. Ms. Jones presented the proposed merchant display dates for 2016. Upon motion made by Mr. Donohue and seconded by Mr. Nolan, the merchant display dates 2016 were unanimously approved as presented and are attached as Exhibit C.

7. Design Review Survey 2016 Update. Ms. Brown presented the results of the Design Review Survey specific to the BCRC Design Review Process which was sent to constituents in early January with the intent to gain a better understanding about user satisfaction level with the process and rating the communication and awareness of DRB as a whole. A total of 4,800 people were invited to participate and of that number, 145 surveys were completed by the due date of January 31, 2016.

Results: Based upon the results, the following themes have been identified:

- Technology upgrades, including an updated website and the ability to submit documents electronically, would be beneficial.
- There's opportunity to explain and educate how regulations apply to projects and when Design Review approval is necessary.
- The neighborhood notification process should be considered as part of a potential residential guidelines update.
- Generally respondents agreed that DRB guidelines are necessary to maintain property values and the character of Beaver Creek, however, the authority of Design Review Board and staff, per the BCRC regulations, is not clearly understood.
- Misconceptions that Design Review is managed by Vail Resorts (as opposed to BCRC).

Staff Recommendations/ Action: BCRC Staff has reviewed the results with Design Review Staff and developed the following recommended action items based upon the survey feedback:

- DRB Process:
 - Invest in new/ better technology for Design Review including a website redesign that allows property owners, designated agents, architects, contractors to readily understand where they are in the current process; view a step-by-step checklist of required actions; and, find information about estimated project timelines and the submittal process.
 - Create ability to electronically submit/ download applications, plans, and other necessary elements.

- Consider revising methodologies that may be antiquated for the current needs of the community and make further recommendations to the BCRC Board. This may occur as part of the guideline revision.
- DRB Communication:
 - Allow the use of third-party industry experts (i.e. landscaping, lighting) throughout the process to assist the Board with decisions.
 - Upgrade electronic records and communication for each project for clarity and transparency. This would include transition from paper to electronic submittals.
 - Continue to improve the customer service level through training opportunities with DRB staff.
 - Annually revise and update DRB Board on-boarding document and review the regulations with Board members at beginning of new fiscal year.
 - Develop presentation for proactive outreach that would clarify facts and help inform/educate constituents about the Design Review requirements through HOA and other public meetings. Utilize forum to address misconceptions and maintain open, transparent dialogue with constituents. Attending some BCPOA meetings was suggested and acknowledged by Mr. Eickholt.

Mr. Luker requested that the results of the survey be posted on the BCRC website. He was surprised that 75% of people were aware of the intent and need of the Design Review Board approval, however, communication about DRB and what is being done on a repetitive basis needs to be included in the annual meeting. Mr. Lovell noted a need for two communications: 1) Which projects need approval from the DRB, and 2) Survey results and action items.

8. Events Review. Ms. Stutman reviewed the winter event successes and also presented the summer event strategy. Board discussed possible methods to expand on the success of the culinary events. The plan for the proposed summer rinkside plaza gathering place (unnamed yet) was presented with intentions of creating a culinary gathering place and an anchor point for animation in the village. Board agreed on the direction of the new created space and authorized Ms. Brown and Mr. Lovell to make decisions for the rinkside plaza initiative and also work with the Design Review Board for village compliance. Ms. Stutman offered to study the usage and traffic patterns created by the new gathering place and report the activity back to the Board in the future.

9. Capital Projects Update. Ms. Brown reviewed the progress made on capital projects and reported some updates to the capital projects list which include:

- Two new portable village guest information kiosks to replace one that is worn and add a second kiosk on the north end of the pedestrian plaza. The updated design will include better lighting and displays (\$40,000)
- Storage Container for outdoor festival furniture, which was previously stored offsite and paid to a vendor (\$10,000)
- Resort-wide Camera Security System infrastructure including server and cameras for Welcome Gate and Village Core. The phase one cost has been reduced from an estimate of \$216,000 to \$110,000 and is scheduled for FY16
- Updated Mirabelle gate control system (\$5,000)

The changes above have been added to the capital budget and will utilize the \$50,000 in unallocated capital the Board had approved in November.

10. Five Year Financial Plan. Mr. Allen presented the five year plan assumptions; capital spending is assumed at a minimum of \$1 million each year. Mr. Donohue noticed the real estate values are assumed to increase; in his opinion the visioning and capital improvements don't keep up with the five year plan.

Mr. Luker noted real estate is a weak point and BCRC should make plans accordingly. Discussion continued to the needed improvements for upgraded ADA access in the village.

11. Online Assessment Payments. Mr. Allen reported that assessments can now be reported and paid online on the BCRC website. Mr. Luker asked Mr. Allen to verify what fees will be charged for using credit cards for assessment payments.

12. New Business. Mr. Luker noted that last Thursday, March 10th, the Vail Veterans group visited Beaver Creek with thirteen veterans. BC Club members and owners came out to volunteer and help. The feedback from the veterans was positive and the organizers should be proud of their efforts.

13. Executive Session. At 10:03am, Mr. Maher motioned to move into Executive Session; seconded by Mr. Luker. Motion passed unanimously.

Ms. Bannan called to join the meeting at 10:04 am.

Following the Executive Session, Mr. Maher motioned to adjourn the Executive Session and return the meeting to regular session at 10:39am, seconded by Mr. Nolan, and unanimously approved.

Mr. Ross further memorialized the previous motion made in Executive Session to approve a \$75,000 expenditure to continue with a parking preparation plan; seconded by Mr. Maher. Motion passed unanimously.

With no further business to come before the board and upon motion by Mr. Nolan duly made, seconded by Ms. Bannan and unanimously approved, the meeting adjourned at 11:35pm.

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 January 26, 2016
- B. Financial Report February 29, 2016
- C. Merchant Outdoor Display Dates 2016