

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
May 19, 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, May 19, 2016, in the Juniper Room of the Beaver Creek Lodge, Beaver Creek Subdivision, Eagle County, Colorado. The meeting commenced at 8:00 a.m. The following members of the Board of Directors were present in person or by conference telephone:

Doug Lovell
Jeff Luker
Tim Maher
Orla Bannan

Brian Nolan via conference phone
Jim Donohue via conference phone
Ross Bowker, via conference phone
Bob Boselli, 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, Paul Gorbald 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 Trevor Theelke from Land Title Company.

1. Public Comment. None.

2. Real Estate Report. Mr. Theelke presented an Eagle County Real Estate Market Analysis for the review and education of the Board. It was noted that real estate transactions typically parallel that of the Dow Jones Industrial Average activity. Discussion centered around comparisons of real estate values between Vail and Beaver Creek including total dollar volume, number of transactions, type of dwelling, average sales price, price per square foot, and home buyers. The reports were based on actual transactions, not MLS listings. Beaver Creek has 360 total listings at this time; the highest listed value is \$13.5million. Currently, the Beaver Creek market shows tremendous activity for properties listed at \$1 million and below and slower activity above \$3 million. The Board requested inviting a member of the Beaver Creek real estate community to present competitive market activity between resort communities at the July board meeting.

3. Minutes of the Beaver Creek Resort Company Board Meeting March 17, 2016. Upon motion made by Mr. Maher and seconded by Mr. Luker, the minutes of the Special Meeting held March 17, 2106 were unanimously approved as presented and are attached as Exhibit A.

4. Financial Report April 30, 2015. Mr. Allen reviewed the Financial Report for April 30, 2016, attached as Exhibit B, as follows:

Revenues Year-to-Date - Through April revenues had a negative variance to budget of \$29,146. Compared to the prior year revenues are negative \$111,884.

- Civic and Lodging Civic Assessments had a combined negative variance of \$212,490 compared to budget but were \$149,693 ahead of last year. The assessments were budgeted to increase 6% for the winter season but only increased 2%.
- Mountain and Recreation Assessments had a positive variance to budget of \$148,635 and were ahead of last year by \$500,972.

- RETA had a negative variance of 177,335 or 7.5%. There are currently 9 properties under contract with an estimated RETA value of \$307,300.
- Activities and special events revenues had a positive variance of \$206,621. 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 \$146,423 or .7%. Changes from the previous forecast include:

- Civic, Lodging Civic and Mountain/Recreation Assessments were re-forecast to align with the season end variances.
- Other revenue was increased for Creekside Park rentals.

Expenses Year-to-Date - Expenses had a positive variance of \$801,247 or 6.8%.

- Special Events had a negative variance of \$59,129. There was a \$70,000 expense to cancel the Rendezvous Music Festival. The expenses for the festival were budgeted to occur in September. This was partially offset by savings in other events.
- The positive variance in marketing was due to the \$350,000 savings for the 2015 Championships contribution as explained previously and savings of \$32,388 for the group sales position. The remaining variance is due to timing.
- Transportation had a total positive variance of \$368,718. Savings include \$54,017 due to the annual true up between the BCRC fiscal year and the BCMD calendar year and \$33,542 due to the BCMD funding being higher than budgeted. The majority of the remaining positive variance is due to parking lot bus maintenance.
- Public safety had a positive variance of \$29,693 with the majority of the savings due to the timing of the off-site parking payments. The off-site parking was budgeted to be paid in April but won't be paid until May.
- 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 \$512,564. The changes since the last forecast are:

- Negative variance in off-site parking of \$15,730. More vehicles were parked at the Traer Creek/rodeo site than anticipated.

Capital Expenditures:

- \$467,224 has been spent on capital thus far.
- The year-end forecast was increased \$75,000 for the parking lot study approved at the last Board meeting.

Reserves: The ending cash balance for March was \$6,665,811 compared to a budgeted cash balance of \$4,529,805. Year-end forecast for the cash balance is \$2,448,625.

Mr. Allen noted the audit for J Scott Jewelers is scheduled for August 2016.

5. Hike to the Mike Event Proposal. Ms. Stutman reviewed the proposed “Hike to the Mike” concert/cultural event for September, a weekend long celebration of art, culture, health and wellness. The concert will be the draw complemented by art infusion in the village, which will provide activation for the village as well as on the mountain. The name of the event focuses on a new way to experience Beaver Creek. Visitors will be able to hike or take a jeep ride to the concert venue Talons Restaurant. This will be an immersive experience created for the cultural traveler. Ms. Stutman presented two versions of a

budget for the Board's review and approval. Mr. Maher suggested a rain plan for the weekend; Mr. Luker suggested involving the Vilar in the weekend lineup. After further discussion about logistics and marketing, the Board gave staff direction to proceed with the Plan A budget proposal.

6. Plaza Pavilion Design. Ms. Brown reviewed the progress on the Plaza Pavilion, the new culinary demo and village activation area to be located on the south side of the ice rink. Programming for this new area is planned to start late June. Board discussion included proposed look of the rink area, possible liquor service, and activations planned. Board gave staff direction to proceed with the Plaza Pavilion construction and animation plans.

7. Suzuki Group Contract. Ms. Brown reviewed the contract negotiation taking place between BCRC and Colorado Music Institute d/b/a/ Suzuki Music Camp. The current contract expires in June 2016 and the Suzuki group is interested in renewing the contract for no less than five years. Board discussed BCRC's sponsorship level compared to the Assessments generated and if the group is still the right fit for Beaver Creek. Board directed staff to negotiate a five year contract.

8. Drone policy Adoption for the Village. Mr. Nolan motioned for staff to work with counsel to draft an official drone policy for Beaver Creek; seconded by Mr. Maher. Motion passed unanimously.

9. DRB Residential Guidelines Revision Update. Ms. Brown gave an update to the Design Review Residential Guidelines project. The first Phase of the project is underway; the architects are gathering input from various constituents. Architects, brokers, real estate agents, builders, and property owners will all have a change to contribute their ideas in this gathering period. A rough draft of guidelines will be complete at the end of Phase I. Mr. Maher volunteered to be on a committee to help steer the progress. Board gave direction to allow property owners as many chances to participate as possible.

10. New Business. Mr. Allen asked the Board for a resolution to allow staff to negotiate and renew the line of credit at Alpine Bank. Mr. Maher motioned to approve; seconded by Mr. Luker. Motion passed unanimously.

11. Executive Session. At 10:18am, Mr. Luker motioned to move into Executive Session; seconded by Ms. Bannan. Motion passed unanimously.

Following the Executive Session, Mr. Luker motioned to adjourn the Executive Session and return the meeting to regular session at 11:25am, seconded by Mr. Maher, and unanimously approved.

With no further business to come before the board and upon motion by Mr. Luker duly made, seconded by Ms. Bannan and unanimously approved, the meeting adjourned at 11:28am.

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 17, 2016
- B. Financial Report April 30, 2016