

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
July 7, 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, July 7, 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
Jim Donohue
Bob Boselli
Phil Metz

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 Jim Fraser representing the Beaver Creek Metropolitan District (BCMD), Tim Baker (via conference phone) and Jerry Hensel from Resort Operations, Steve Nusbaum from Design Review Administration (DRB), Dave Eickholt and Lou Kreig from Beaver Creek Property Owners Association (BCPOA), Michael Paderewski from Paderewski Fine Art, Robert Prescott from Young Colors, and Becca Green from Vail Resorts Property Management.

1. Public Comment. Mr. Robert Prescott from Young Colors spoke on behalf of the Beaver Creek merchants and requested outdoor retail displays to be approved for every day of the year. He spoke of the need for merchants to present their identity outside of their store. He requested that event weekends be considered sidewalk sale days when more signage would be allowed. Discussion continued regarding use of the new custom display racks and tables, the look in the village, and the impact on other stakeholders. Board agreed to support merchants but agreed sale signs and sidewalk sales would not fit the brand promoted in Beaver Creek. Board is motivated to present a visually appealing corridor with clean site views of the village. Mr. Prescott stated his business is down as much as 50% when he cannot place merchandise outside of his store. Mr. Lovell stated Vail Resorts has recently invested in the merchant store fronts and have made considerable improvements. Civic has shown retail to grow at a steady rate since 2009. Enforcement of display dates and appropriate retail and art displays were discussed. Use of public space for retail displays was also discussed. Restaurants do not use public space for their patios but pay for the additional lease space. Mr. Lovell suggested a committee to further discuss and make a retail economic plan. Mr. Luker motioned to approve some additional display dates as presented by staff; seconded by Mr. Donohue. Motion passed six to two; the approved outdoor display dates are attached as Exhibit A. Mr. Nolan offered to send a communication next week for a retail committee and will bring up the topic at tomorrow’s economic council meeting.

2. Minutes of the Beaver Creek Resort Company Board Meeting May 31, 2016. Upon motion made by Ms. Bannan and seconded by Mr. Luker, the minutes of the Special Meeting held May 31, 2016 were unanimously approved as presented and are attached as Exhibit B.

3. Financial Report May 31, 2015. Mr. Allen reviewed the Financial Report for May 31, 2016, attached as Exhibit C, as follows:

Revenues Year-to-Date - Through May revenues had a negative variance to budget of \$473,921. Compared to the prior year revenues are negative \$547,833.

- Civic and Lodging Civic Assessments had a combined negative variance of \$253,554 compared to budget but were \$113,307 ahead of last year.
- Mountain and Recreation Assessments had a positive variance to budget of \$147,342 and were ahead of last year by \$502,571.
- RETA had a negative variance of 619,328 or 21.4%.
- Activities and special events revenues had a positive variance of \$254,556.

Revenues Year-End – The current forecast shows a negative variance at year-end of \$500,137 or 2.6%.

Changes from the previous forecast include:

- Civic, Lodging Civic and Mountain/Recreation Assessments summer revenues are forecast to be in line with budget.
- The RETA year-end revenue forecast was reduced \$602,545. The forecast for homes sales for the remainder of the fiscal year is three (3) homes at an average sales price of \$3,800,000.

Expenses Year-to-Date - Expenses had a positive variance of \$518,699 or 6.3%.

- Special Events had a negative variance of \$121,833. Some of the variance is due to timing of payments for the Children's Museum and the Children's Theater.
- The positive variance in marketing was due to the \$350,000 savings for the 2015 Championships contribution as explained previously and savings of \$43,183 for the group sales position. The remaining variance is due to timing.
- Transportation had a total positive variance of \$427,303. 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 was due to parking lot bus maintenance (\$356,303 positive variance).
- Property Maintenance had a positive variance of \$86,597. This variance was made up of savings in skiway maintenance, general and landscape maintenance and village technology.
- Public safety had a negative variance of \$13,566. The variance is due to more off-site parking required than was anticipated.
- Interest expense had 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 \$675,568.

The changes since the last forecast are:

- The Administration forecast includes moving the \$50,000 in contingency to the Hike to the Mic event in September.
- Activities & Events is showing savings in several of the summer events.
- Transportation includes an additional \$100,000 in parking lot bus maintenance savings.
- There is a \$5,000 negative variance in Design Review Board for additional legal fees due to the Design Review Guidelines rewrite project underway.
- Insurance will have a positive variance of \$4,000 due to the premiums being lower than anticipated.

Capital Expenditures:

- \$1,052,355 has been spent on capital thus far.
- The year-end forecast was increased \$715,000 for the parking lot improvements.

Reserves: The ending cash balance for May was \$5,660,127 compared to a budgeted cash balance of \$4,031,294. Year-end forecast for the cash balance is \$1,390,869 which is \$539,569 below the budgeted year-end cash balance of \$1,930,439.

4. FY17 Preliminary Budget Assumptions. Mr. Allen reviewed the FY17 Budget Assumptions to use for planning purposes. The 5 year plan has not changed. The only changes to the assumptions are 1) inflation rates have been reduced, and 2) there is no appreciation rate for real estate sales. Mr. Boselli asked that Civic reports to be broken out by retail type.

5. Drone Policy Adoption: A new village Drone Policy was drafted by counsel and presented to the Board. The policy is intended to help manage the increased use of drones to protect guests and be able to approve or deny their future use. Discussion continued regarding enforcement of drone use by public safety and possible fees for a drone use application. Mr. Nolan motioned to adopt the policy as presented; seconded by Mr. Boselli. Motion passed unanimously.

6. VPAC Village Displays. Ms. Brown discussed the Vilar Performing Arts' request to put a kiosk in the village to advertise VPAC programming. Mr. Donohue stated a display would be in the community's interest to increase the awareness and usage of the Vilar. Board gave Staff direction to assist with village signage for Vilar. Board agreed that Vail Valley Foundation should make a presentation to the Board for display and marketing requests.

7. Marketing Update. Mr. Metz verbally updated the Board on the BC marketing activities; they are currently in the planning stage for winter. The brand focus has not changed for several years. The department is spending money more efficiently and tracking the growth trends. Destination guests grew 8% and international guests declined 3%. Increases were seen in the highest income categories. In March Vail Resorts announced a capital investment in increased web presence with a new BeaverCreek.com website platform that will be modern and interactive with more content available for mobile devices.

8. Lech Update. Mr. Nolan verbally updated the Board regarding the Lech sister resort relationship activities for the year. Mr. Nolan and Mr. Boselli were in Lech in April 2016. Recently Ms. Brown, Mr. Lovell, Mr. Kurz and Mr. Nolan began working on a syllabus to re-define and further formalize the relationship and program to map out the learning goals for the program. Mr. Nolan discussed some of the Lech event opportunities for Beaver Creek to consider such as a loyalty party for returning guests, car show, and ski races that are held at a "higher" level. Ms. Brown stated the desire to begin "Phase 2" of the sister relationship to further learning opportunities between the sister resorts. Cookie Time and the mountain top restaurant opening in Lech are great opportunities for Beaver Creek branding there. Mr. Donohue stated Lech has adopted ideas from Beaver Creek, but BC needs to learn from them as well; he suggested sending a senior manager from the mountain to Lech as well for the operations of the relationship. Mr. Lovell suggested an annual Lech trip in the winter to encourage stakeholders to set up a package deal. Mr. Luker suggested a defined program outlined with structure and budget. Mr. Nolan suggested using Vail's sister resort plan as a model.

9. Schedule Joint BCRC/BCMD Board Meeting. Board gave Staff direction to set a joint meeting date in August for the BCRC and BCMD Boards.

10. Events Strategy Meeting. Board gave Staff direction to set a meeting date in August for the events committee to discuss event strategy for next fiscal year with a SWOT analysis. Mr. Nolan suggested discussing a competitive set of events.

11. New Business. Mr. Nolan wished to state for the record the village looks bright and vibrant with the new flowers, pavilion, and furniture.

Mr. Fraser asked for feedback regarding Village Road guardrails and if they should be stained brown. Mr. Simmons offered to investigate power washing as an option.

Mr. Luker noted seeing more skateboarders in the village. He further inquired about BaseCamp and if Vail Resorts has talked to them about brand infringement. He asked if Ms. Bannan could update the Board at the next meeting about possible legal action for brand use by others.

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

At 10:37am, Mr. Nolan motioned to move out of Executive Session; seconded by Mr. Boselli and approved unanimously.

Mr. Maher motioned to approve the Capital Improvement and Revenue Sharing Agreement for the paid parking plan as presented; seconded by Mr. Nolan. Motion was approved unanimously; Mr. Lovell, Ms. Bannan, Mr. Metz, and Mr. Donohue abstaining.

The notification plan for the paid parking initiative was discussed further by Board.

Mr. Donohue asked that the Board be notified when policies are not working or enforceable. Without enforcement, inequities are created. Board discussed retail displays, art displays, and retail deliveries and storage challenges. Mr. Nolan asked for an inventory of all art pieces that are not approved and where they are.

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

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 May 19, 2016
- B. Financial Report May 31, 2016