

**MINUTES OF THE  
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF  
BEAVER CREEK RESORT COMPANY OF COLORADO  
August 18, 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, August 18, 2016, in the Juniper Room of the Beaver Creek Lodge, Beaver Creek Subdivision, Eagle County, Colorado. The meeting commenced at 8:05 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  
Jim Donohue

Bob Boselli  
Phil Metz  
Orla Bannan via conference phone  
Ross Bowker via conference phone

Representing the Company were Jen Brown, Managing Director, and Tom Allen, Treasurer. Also present were Kathy Calton and Sarah Stutman from BCRC, Bill Simmons and Jim Fraser 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 Lou Kreig from Beaver Creek Property Owners Association (BCPOA), Chris Romer from the Board of the EGE Air Alliance, and Rod Miller, Beaver Creek homeowner.

1. Public Comment. None.

2. EGE Air Alliance. Chris Romer presented the activities and FY17 funding request from the EGE Air Alliance. The EGE Air Alliance provides funding among public and private partners to bring new and support existing air service into the Eagle County Regional Airport. EGE Air Alliance has secured new winter air service for the 2016-2017 season from the Washington D.C. and Phoenix markets, which is expected to bring in 4,700 new passengers. The subsidy required for certain flight guarantees, including the new flights, is significant. The only unsubsidized flights are the Denver service flights. EGE Air Alliance is continuing to study funding models from other resort areas to determine which approach to take in Eagle County in order to create a long term funding solution to continue to grow regional air service. The EGE Air Alliance is requesting support from the Beaver Creek Resort Company in the amount of \$75,000 for 2016-2017. This contribution request amount is included in the draft Budget for FY2017.

3. Minutes of the Beaver Creek Resort Company Board Meeting July 7, 2016. Upon motion made by Mr. Nolan and seconded by Mr. Luker, the minutes of the Special Meeting held July 7, 2016 were unanimously approved as presented and are attached as Exhibit B.

4. Financial Report July 31, 2016. Mr. Allen reviewed the Financial Report for July 31, 2016, attached as Exhibit C, as follows:

Revenues Year-to-Date - Through June revenues had a negative variance to budget of \$375,469. Compared to the prior year revenues are negative \$345,653.

- Civic and Lodging Civic Assessments had a combined negative variance of \$191,438. This is a reduction from the prior month's negative variance of \$25,411. Compared to the prior year Civic and Lodging Civic Assessments are ahead \$219,551.

- Mountain and Recreation Assessments had a positive variance to budget of \$149,953 and were ahead of last year by \$522,857.
- RETA had a year-to-date negative variance \$566,956.
- Activities and special events revenues had a positive variance of \$249,587.

Revenues Year-End – The current forecast shows a negative variance at year-end of \$83,884 or 0.4%. This is a reduction in the negative variance from the prior forecast of \$195,300. Changes from the previous forecast include:

- The RETA year-end revenue is forecast to have a negative variance of \$282,800. The year-end negative variance was reduced \$211,000 from the previous forecast. There are currently 15 condominiums and 4 homes under contract with an estimated RETA value of \$935,529.
- Special Events revenue was forecasted down \$19,600 due to hiking revenues being lower than anticipated.
- The forecast for other revenues increased \$3,900 due to construction fines.

Expenses Year-to-Date - Expenses had a positive variance of \$1,141,613 or 6.9%.

- Special Events had a positive variance of \$81,644. The positive variance is due to expense savings in the hiking center, day camp and winter and summer events.
- The \$575,250 positive variance in marketing was due to the savings for the 2015 Championships contribution and the group sales position. The remaining variance is due to timing.
- Transportation had a total positive variance of \$397,476. 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
- Property Maintenance had a positive variance of \$68,538. This variance was made up of savings in general and landscape maintenance and village technology.
- Public safety had a negative variance of \$15,053. The variance is due to off-site parking being more than anticipated.

Expenses Year-End – The current year-end forecast for expenses shows a positive variance of \$1,107,407. Major changes since the last forecast are:

- Activities & Events is showing savings in both the hiking center and day camp along with savings in summer events.
- Savings in depreciation is due to the timing of capital expenditures.

Capital Expenditures: \$768,073 has been spent on capital thus far with a year-end forecast of \$1,224,311.

Reserves: The ending cash balance for July was \$2,700,711 compared to a budgeted cash balance of \$1,184,150. Year-end forecast for the cash balance is \$2,397,919 which is a reserve of 14.5%.

Mr. Boselli reported his other resort stores are doing well; his Beaver Creek store business is down. Discussion continued regarding retail health in the village, mix of stores, and possible reporting mechanisms merchants could use such as traffic patterns, visitor headcount in lodges (versus just occupancy) and a breakdown of civic assessments.

5. FY17 Draft Budget Version #1. Mr. Allen reviewed the changes for the upcoming FY17 Budget resulting from the assumptions discussed in the July Board meeting:

Revenues

- Civic, Lodging Civic and Mountain/Recreation Assessments are a function of modest growth in winter guests of .2%, a 3.5% increase in spending per winter guest for Civic and Lodging

Civic Assessments and a 4.5% increase in spending per winter guest for Mountain/Recreation, and a 4% increase in summer assessment revenues. These are in line with historical averages.

- RETA was budgeted based on the average number of sales over the past three years with no appreciation rate.
- Special Event Revenues are budgeted at a \$59,770 increase over FY 2016 revenues.

#### Expenses

- Administration – Administration is up year over year by \$154,942 mostly due to staffing. The budget reflects the addition of a resort wide sales position which is estimated to be \$93,400 inclusive of benefits. A 3% staff merit increase is also included in the budget.
- Special Events – Special event expenses increased \$826,358. Additional expenses include the addition of an adult New Year's Eve party at Spruce Saddle (\$61,634), enhancements to the winter culinary festival (\$85,901), enhanced music at Blues Brews and BBQ, Independence Day and Oktoberfest (\$59,927), enhancement of the summer Wine and Spirits Festival (\$104,760) and the addition of the Hike to the Mic event (\$376,518).
- Marketing – Marketing is increasing \$272,751. The major increases are an increase in the marketing contribution (\$56,840), summer marketing (\$61,565) and direct event marketing (\$118,765).
- Transportation – Transportation increased \$199,263. Dial-a-ride and parking lot services are estimated to increase 2%, parking lot bus maintenance increased \$54,604 and the Avon shuttle increased \$11,654.
- Property Maintenance – Property maintenance is increasing \$184,024. This variance is being driven by increases in staff. An additional five plaza employees were added for both summer and winter. These employees will provide additional coverage on the plaza for cleaning, trash removal, maintenance and enforcement. They will also help with special events.
- Public Safety – Public safety decreased \$7,688%. This decrease is due to savings in off-site parking
- Design Review Board – DRB is increasing \$29,001. The majority of the increase is due to merit increases.

Capital Expenditures: \$1,000,000 has been allocated in FY 2017 for capital expenditures. This includes \$298,800 in required maintenance capital, \$226,200 in discretionary maintenance capital, \$250,000 in strategic capital and \$225,000 in unallocated capital. Board designated adding \$100,000 for emergency or contingency capital in strategic capital.

Board stated support in upgrading events such as Wine & Spirits, Oktoberfest, and Grand Tasting. Other projects such as a joint improvement project with Beaver Creek Metro District at the Eagle statue were mentioned as well as tree removal work at Offerson Road. Board also expressed accolades for the Plaza Pavilion seating area that has been a great success and the increased flowers in the Village.

6. Potential FY17 Capital Projects. Ms. Brown presented the potential capital projects for FY17. Several projects such as landscaping, furniture and lighting are a continuation and completion of projects from FY16. Components of the Rodeo equipment are more than 10 years old and will require replacement for certain items to improve safety of the arena; Board supported safety expenditures. The portable kiosk options are being reviewed along with a kiosk to increase VPAC's visibility in the village core. New capital projects include replacing the Creekside Park gazebo with a new structure. The planter adjacent to the St. James stairs along the Park Hyatt requires a new sprinkler system to improve the landscaping. Board did not support proposed projects that are outside of the BCRC easement areas or money spent on the raised seating area of the ice rink.

Mr. Donohue left the meeting at 9:11am.

7. DRB Residential Guidelines Project Next Steps. Ms. Brown presented the progress of the Design Review Residential Guidelines revision project. As a result of the public input sessions and by further review of the guidelines and BCRC regulations, the project has broken down into four plans:

- Draft New Residential Guidelines: Phase one of the revision project is expected to conclude mid-to-late September. Priorities for the first draft include creating a simple and clear version that defines the design intent for the community and which can be administered in a user-friendly format. Due to the additional public input sessions requested by the community in Phase one, the work performed for these sessions has exceeded the original budgeted scope approved by BCRC.
- DRB Process: Community input demonstrated more clarity is needed surrounding the DRB process. "Process" in reference to Design Review is defined as the required protocols and steps that must be taken for a project to move from conception to approval with the Design Review Board. Shepherd Resources will provide recommendations such as digital application submittals, application status options, preconstruction requirements, notification requirement, consideration of tree removal application/ process, fee structure, etc. The desired outcome is to streamline and automate steps in the application process where possible and delineate requirements between the DRB application and BCRC's Construction Activities and Compliance Deposit Regulation.
- BCRC Construction Activities and Compliance Deposit Regulation Revision: As set forth in BCRC's Declaration, the Construction Activities and Compliance Deposit Regulation regulates all construction activity in Beaver Creek to "minimize the impacts on owners and guests". This regulation needs to be reviewed and updated in concert with the guidelines revision in order to avoid conflict between the documents. Staff is beginning this project with BCRC's DRB legal counsel the week of August 15 and will update the Board. The regulation needs to more clearly define and offer examples of what constitutes a construction activity and the process for addressing maintenance issues, repairs, and emergencies, among other items.
- DRB Departmental Staff Needs: Based upon the feedback and observations from the revision project, it is recommended to increase the DRB staff level by one fulltime person in order to more adequately support the overall DRB administration. With the recommendation to move to a digital application platform and offer an enhanced website for all users, an investment will be required to develop a new website and supporting platform as well as provide IT support.

After discussion, Mr. Maher motioned to support the additional funding of up to \$100,000 to complete the DRB Residential Guidelines project along with the construction regulation and departmental staff needs; seconded by Mr. Luker. Motion passed unanimously.

8. Beaver Creek Visioning Project. Ms. Brown and Mr. Metz have sourced an organization to lead a visioning process with the purpose of understanding and providing a framework for the resort's long term positioning to maintain relevancy and a competitive advantage. Adam Ducker of Robert Charles Lesser & Co. (RCLCO) would like to establish a series of meetings with BCRC Board members to determine if an engagement with RCLCO is appropriate. Their recommended process would provide for a review looking internally at Beaver Creek, externally at other resorts and communities,

brainstorm process to ideate opportunities for Beaver Creek, and then produce a clear, straightforward action plan. Mr. Nolan suggested including others in the process. Board directed Ms. Brown to coordinate with RCLCO and Board members' schedules to proceed.

9. New Business. Mr. Luker asked Ms. Bannan about the use of the Beaver Creek name by Base Camp at Beaver Creek and the Westin. Ms. Bannan stated the legal department is in ongoing discussion with these companies to encourage cooperation and cessation of the use of the Beaver Creek brand.

Mr. Luker asked about the Epic School Kids program that is advertised; the VR program offers kids K-5 four free days of skiing per year and one introductory lesson and equipment rental.

Mr. Fraser reminded the Board of the Fire Station open house to be held Wednesday, August 24 from 3pm to 5pm.

10. Executive Session. At 9:52am, Mr. Nolan motioned to move into Executive Session; seconded by Mr. Boselli. Motion passed unanimously.

At 11:22am, Mr. Nolan motioned to move out of Executive Session; seconded by Ms. Bannan and approved unanimously.

With no further business to come before the board and upon motion by Mr. Maher duly made, seconded by Mr. Nolan and unanimously approved, the meeting adjourned at 11:23am.

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 July 7, 2016
- B. Financial Report July 31, 2016