

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BEAVER CREEK RESORT COMPANY OF COLORADO
August 24, 2017**

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 24, 2017, in the Juniper Room of the Beaver Creek Lodge, Beaver Creek Subdivision, Eagle County, Colorado.

Ms. Howard called the meeting to order at 8:00 a.m. and Ms. Jones verified Notice of Meeting Sent and a quorum established for the purposes of the meeting. The following members of the Board of Directors were present in person or by conference telephone:

Beth Howard
Tim Maher
Bob Boselli
Phil Metz
Brian Nolan

Kristin Williams
Ross Bowker via conference phone
Jim Donohue
Jeff Luker

Representing the Company were Jen Brown, Managing Director, Tom Allen, Treasurer, and Elizabeth Jones, Secretary. Also present were Sarah Stutman and Mitzi Forrester from BCRC; Steve Nusbaum from Design Review Administration; Lou Kreig, James Fraser and Dave Eickholt from BCPOA; Bill Simmons from BC Metro District; Tim Baker, Jerry Hensel, Paul Gorbald and Jim Clancy from Village Operations; Duncan Horner from Vilar Performing Arts Center; Chris Romer from Vail Valley Partnership; and Rob Prescott from Young Colors.

1. Public Comment. None.

2. Minutes of the Beaver Creek Resort Company Annual Board Meeting July 7, 2017. Upon motion made by Mr. Nolan and seconded by Mr. Luker, the minutes of the Board Meeting held July 7, 2017, were unanimously approved as presented. The approved minutes are attached as Exhibit A.

3. EGE Air Alliance Funding Request. Mr. Chris Romer from the Vail Valley Partnership presented the Eagle Air Alliance funding request for FY18. He offered highlights of the airport activity as a large economic driver for Eagle County. The economic impact of the airport to Beaver Creek was \$60 million last year, with 64% of those traveling through the airport at an income level <\$200k per year. Visitors indicate that the flight program impacts the decision of guests to travel to the Eagle Airport. In 2017, the EGE Air Alliance extended Dallas service through the fall and added new winter service from Washington, DC and Phoenix. New winter flights for 2017-18 includes service from Salt Lake City and San Francisco and expanded service from Chicago. Upon motion made by Mr. Donohue and seconded by Mr. Luker, the Board unanimously approved \$75,000 for EGE Air Alliance funding in FY18, to increase to \$100,000 if the Town of Vail will also increase their funding by \$25,000 to EGE Air Alliance for FY18.

4. Financial Report July 31, 2017. Mr. Allen reviewed the Financial Report ending July 31, 2017, attached as Exhibit B, as follows:

Year-to-Date Revenues – Total year-to-date revenues had a positive variance of \$3,441,132.

- July Civic, Lodging Civic and Mountain/Recreation Assessments were on budget with actual assessments of \$638,510 compared to budget of \$636,795. Year-to-date assessment revenues were below budget by \$299,431.
- RETA fell off slightly in July with revenues of \$173,161 compared to the budget of \$230,483. There are currently 15 properties under contract including 4 single family homes. The total RETA if all of these properties sold would be \$704,473.

Year-to-Date Expenses - Expenses had a positive year-to-date variance of \$569,351.

- Activities and Events had a positive year-to-date variance of \$515,873. Major savings include the cancellation of the world cup races, bike week and auto festival.
- Transportation has a combined positive variance of \$13,013 due to savings in parking lot bus maintenance.
- The year-to-date positive variance in property maintenance is due to savings in general and landscape maintenance.

Year-End Revenues - Year-end revenues are forecast to have a positive variance of \$4,155,091.

- The current forecast is showing a negative variance of \$302,699 for Civic, Lodging Civic and Mountain/Recreation Assessments. Only a small variance to budget is being forecast for the rest of the summer.
- The year-end forecast for RETA is \$4,309,449 to account for increased sales activity and the Park Hyatt sale.
- The year-end Activities and Events revenues were increased by \$62,568 since the last forecast. This variance is due to an increased rodeo, hiking center and day camp revenues.

Year End Expenses – The current forecast for expenses is a positive variance of \$317,843. The major changes from the prior variance are:

- \$65,000 savings in the Suzuki Institute, July 4th and Rodeo
- \$67,926 savings in parking lot bus maintenance.

Capital Expenditures - \$729,847 has been spent on capital projects through July. Expenditures on capital include \$83,322 for variable message signs; \$61,763 for special event equipment including replacing all of the rodeo fencing; \$18,284 on the second phase of the village lighting project; \$265,755 on the office remodel and furnishings; \$60,617 on plaza furniture and fire pits; \$18,284 on the Centennial lawn drainage and sod; and \$13,186 on the St James/Park Hyatt landscaping.

Cash Balance - The ending cash balance for July was \$7,140,596 compared to a budgeted cash balance of \$2,689,660.. Year-end forecasted cash balance is \$6,964,286.

4. FY18 Draft Budget Review. Mr. Allen reviewed the FY18 Draft Budget which is based off of the budget assumptions presented at last month's Board meeting. Board discussed at length the desire to encourage building improvements throughout the village core as well as residential areas; encourage HOAs to consider upscale changes. The Vision project will encompass some of these goals.

5. Paid Parking Report. Mr. Tim Baker presented a report of the paid parking results from the 2016-2017 season. Total revenue of \$396,000 is reported which is 44% of the original assumption. Lessons were learned and it is expected there will be continued growth this season with an increase in revenues next year. Hosting World Cup races in FY18 will affect final numbers. The intent of the parking is to increase visitor parking and to drive as much visitation as possible. Changes in employee parking are not anticipated next season; the employee innovation team has thought about different ways to enhance the parking experience for employees.

6. Marketing Update. Mr. Metz will provide a pre-read for the marketing budget committee to include creative work and campaigns planned for FY18. Marketing strategy ties directly to the Vision bringing HNW families to Beaver Creek through storytelling and strengthening loyalty. Strategies are led from Vail Resorts and BCRC receives the advantage of leveraging those resources. Marketing is already reacting to winter pacing patterns, which are down YOY December 16 to 25 due to a shift in school calendars. The typical Christmas holiday pattern shows visitation stronger December 22 through January 6. Winter campaigns have been launched and lodging offers are in market now. Mr. Luker would like to see the pillars and themes marketing is planning to use. Mr. Metz will prepare and present to the marketing budget committee.

7. Enforcement Regulation Update. Ms. Brown gave an overview of the work done by staff for the creation of the new enforcement regulation, an umbrella policy that considers warning and fine structures for all regulations. Ms. Jones is reviewing and cataloging all regulations and enforcement responsibilities and will work with counsel on regulations to repeal. Updates to the Business License regulation will be ready for review at the next Board meeting. Board discussed various enforcement actions possible for various violations.

8. Host Compliance Update. Host Compliance service for short term rentals is about to launch; letters will be sent this month to owners who are renting their properties and are not considered compliant. A BCRC Business License and payment of Civic and Lodging assessments will be required from all short term rentals.

9. Village-Wide Group Report. Ms. Forrester reported 15 new leads since January; hosting two new familiarization trips in Beaver Creek, and three upcoming tradeshow to attend. She is building HNW incentive collateral.

10. New Business. Mr. Nolan wishes to follow up with Mr. Romer about the Merchant Pass program tied to the Beaver Creek Guest Service Review in the fall.

Mr. Donohue would like to know when the Dial-A-Ride service level expectations conversation will take place. Ms. Brown stated a DAR survey is being sent. Vail Resorts staff, Metro District staff and BCRC staff will be discussing the transportation agreements in place for the upcoming season. The transportation committee input will be considered in these discussions. It is anticipated that by late September, there will be alignment on service levels for the upcoming season.

Mr. Luker would like to publicly acknowledge the plants and flowers in the village were spectacular and at an all-time high this year; thank you (and a round of applause) to Jerry Hensel and his staff for all their hard work.

Mr. Maher wished to discuss the Beaver Creek half marathon taking place in Creekside; their speakers woke him at 7 a.m. on a Sunday and a number of people complained. Creekside is a designated start area for a number of events but the use of speakers at that hour will be reviewed.

With no other business to discuss and upon motion by Mr. Luker and seconded by Mr. Metz, the Board unanimously agreed to move into executive session at 9:06 am.

At 9:54 am, upon motion made by Mr. Luker and seconded by Mr. Boselli, the Board unanimously agreed to move out of executive session.

With no further business to come before the board and upon motion by Mr. Nolan duly made, seconded by Mr. Metz and unanimously approved, the meeting adjourned at 9:56 am.

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, 2017
- B. BCRC Financial Report ending July 31, 2017