

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
BEAVER CREEK RESORT COMPANY OF COLORADO
January 28, 2021

A 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, January 28, 2021 via Zoom internet visual platform as required by the social distancing restrictions set in place by Eagle County Public Health officials due to COVID-19.

Ms. Guerriero called the meeting to order at 8:00 a.m. on the Zoom platform. Ms. Jones verified the Notice of Meeting sent and a quorum established for the purposes of the meeting. The following members of the Board of Directors were present via Zoom:

Nadia Guerriero	Tim Maher
Jeff Luker	Jim Donohue
Brian Nolan	Bob Boselli
Phil Metz	Ross Bowker
Greg Willis	

Representing the Company were Jen Brown, Managing Director; Tom Allen, Treasurer; and Elizabeth Jones, Secretary.

Also in attendance:

Laura Waniuk, Pete Rogos, Drew Stoll and Sarah Innerarity from Beaver Creek Resort Company

Paul Backes and Matthew Miller from McMahan and Associates LLC

Kevin Kelly from Husch-Blackwell

Mike Trueblood, Koby Kenny and Jerry Hensel from Village Operations

Bill Simmons from Beaver Creek Metro District

Dave Eickholt and Barry Parker from Beaver Creek Metro District and Beaver Creek Property Owners Association

Alexia Jurschak from the Vilar Performing Arts Center and Beaver Creek Property Owners Association

Owen Hutchinson from Vilar Performing Arts Center

Jeff Deem from Vail Resorts Commercial Leasing

1. Executive Session. Upon motion made by Mr. Luker and Mr. Boselli, the Board moved into Executive Session at 8:01am.

Upon motion made by Mr. Bowker and seconded by Mr. Maher, the Board moved back into Regular Session at 9:28am.

2. Public Comment. None.

3. Minutes of the Beaver Creek Resort Company Board Meeting December 10, 2020. Upon motion made by Mr. Bowker and seconded by Mr. Maher, the Board unanimously approved the minutes of the Board Meeting held December 10, 2020 as presented. The minutes are attached as Exhibit A.

4. Financial Report December 31, 2020. Mr. Allen reviewed the financial statements from December 31, 2020 as follows:

Year-to-Date Revenues: Through December 31st year-to-date (“YTD”) revenues had a positive variance of \$1,561,043.

- Civic and Lodging Civic Assessments were ahead of budget \$407,694, while Mountain/Recreation Assessments had a negative variance of \$261,822. Civic and Lodging

Civic Assessments were budgeted to be 44% below the prior year but ended December only 24% below. Mountain/Recreation Assessments were budgeted to be 61% of the prior year but ended at 31%.

- YTD RETA had a positive variance of \$1,362,073. Real estate sales have continued the positive trend we saw at the end of the fiscal year.

Year-to-Date Expenses: Expenses had a positive year-to-date variance of \$418,565.

- Administration had a positive variance of \$15,557 with most of the savings coming from the restaurant tent rental.
- Activities & Events had a positive variance of \$204,728. Due to COVID protocols, the activities that had been planned around the holidays had to be scaled back.
- Vilar RETA contribution has a negative variance of \$68,104 due to the increased real estate sales.
- Transportation operations had a positive variance of \$328,909. Village Connect had a savings in operating costs of \$205,010 and Parking Lot Service had a saving of \$53,258. In addition there was \$56,001 in savings of bus maintenance. The \$143,730 negative variance in overhead is due to timing of when the new buses were paid for when the lease proceeds were distributed.
- Public Safety had a positive variance of \$65,832. This variance is due to savings in the management fee. Management fees are now being calculated on actual expenses plus 10%.

Year-End Revenues: Revenues are forecast to have a positive variance of \$1,691,087.

- Civic, Lodging Civic and Mountain/Recreation Assessments are forecast to have a positive variance of \$145,872. Due to the uncertainty of the ski season, no increases were forecast for January through September. The booking pace from the December 31st Destimetrics reports is tracking fairly close to our budget. The budget for February and March were 65% of normal. Current booking pace has February occupancies pacing at 66% and March at 61%.
- RETA is forecast to have a positive variance of \$1,452,370. January RETA is forecast to be ahead of budget \$90,297. The remaining months are assumed to meet budget. Currently there are 18 condos and townhomes and 10 single family homes and duplexes under contract with an estimated RETA value of \$2,295,125. Although lower, there still seems to be adequate inventory.

Year-End Expenses: Total expenses are anticipated to have a positive variance of \$444,262 by year-end.

- The majority of this is YTD savings in Activities and Events, Transportation and Public Safety. The remainder of the year is expected to follow closely to the budget.

Capital Expenditures: \$170,704 has been spent on capital through December. Expenditures include \$25,449 on Beaver Creek Wonder; \$41,200 on the Beaver Creek App development, \$46,125 on village accent lighting and \$55,596 on fire pits.

Cash Balance: The ending cash balance for December was \$11,196,675, compared to a budgeted cash balance of \$9,917,636. \$10,967,665 is being forecast for the year-end cash balance.

Mr. Luker asked about the breakdown of revenues within Mountain Rec Civic Assessments. Mr. Allen stated the revenues are from Ski School and Lift Ticket sales combined.

Ms. Guerriero thanked Mr. Allen on behalf of the Board for his extraordinary work and efforts during 2020.

5. VCAF/VPAC Entity Request Approval. Ms. Brown reviewed the formal request from the Vail Valley Foundation on December 1, 2020 to restructure the VCAF and VPAC and form a new legal entity. Prior to the Board meeting, Board members reviewed the McMahan & Associates Accounting Opinion letter and the Husch Blackwell Chart and Memo Inclusive of VVF Feagre-Drinker Legal Memo. The review process had not presented any reason to disagree with the entity change request. The Board's intent is that BCRC maintain governmental rights and asset dissolution rights in the future with consideration for an independent audit and understanding of original VCAF endowments or assets.

After discussion and upon motion made by Mr. Luker and seconded by Mr. Donohue, the Board unanimously agreed that the VVF should consolidate the entities subject to a final review of the legal documents by BCRC Counsel.

6. VPAC Funding Restoration Approval. Ms. Brown reviewed the history of the VPAC funding change in 2020; in April 2020 BCRC was forecasting a significant revenue shortfall (below the \$14 million threshold in the VPAC Operating & Lease Agreement) and a significant deficit. BCRC agreed with VPAC that based on the forecast, BCRC would support at the 50 percent level. The BCRC Year End financials precipitated a question as to whether the 50 percent funding reduction was still fair and VPAC requested to restore funding to 75 percent for the January 2021 and April 2021 payments. The requested payment increase from 50 percent to 75 percent for January and April 2021 would be \$73,936 per month for a total of \$147,872.

In consideration that BCRC owns the VPAC asset and desires to have VVF continue to operate the theater, staff recommended support of another 25% in funding for a total of \$147,872.

Mr. Boselli motioned to amend the budget and restore funding for VPAC to 75% or \$147,872.00 which is incremental to the budget. Mr. Maher seconded and the motion passed unanimously.

7. Management Agreement 6th Amendment Approval. Ms. Brown stated the Management Agreement Committee and BCRC counsel have been working with Vail Resorts on agreeable terms for the 6th Amendment to the Management Agreement. This interim step was agreed to by both parties in place of re-structuring the entire Agreement this year. The Management Agreement Committee supports the approval of the 6th Amendment draft as presented.

Mr. Bowker motioned as follows: "finding that it is in the best interest of the BCRC to reimburse Vail Resorts on a cost-plus basis, I move to approve the 6th Amendment to the Management Agreement as presented and included in the Board Book." Mr. Maher seconded. Without further discussion, the Board members voted as follows:

Mr. Boselli / abstain	Mr. Bowker / in favor
Mr. Donohue / abstain	Mr. Maher / in favor
Ms. Guerriero / abstain	Mr. Luker / in favor
Mr. Metz / abstain	Mr. Nolan / in favor
Mr. Willis / abstain	

The motion to approve the 6th Amendment to the Management Agreement as presented was passed; Ms. Brown was directed by the Board to execute the document.

8. FY21 Capital Plan. Ms. Brown reviewed the FY21 Capital Plan to the Board. The planned expenditure is \$552,175. Staff recommended the following projects to continue with Village revitalization:

- Lighting Consultant: Through RFP process develop comprehensive phased plan to expand lighting enhancements, incorporating BC Wonder and accent lighting. Improvements to occur summer and fall 2021.
- Install additional permanent fire pits.

- Develop shade options for summer.

Maintenance capital projects include ongoing investments into the community as follows:

- Escalator upgrades are part of the five year capital plan. Phase 1 is complete. Phase 2 was deferred in FY20 due to Covid. Two escalators are scheduled to be replaced spring 2021. While there is no evidence of failure at this time and the project could be deferred, staff recommends moving forward with the replacement this spring with an early mountain closure and continued Covid limitations on gatherings and events. Two more escalators at VPAC require the upgrade and can be scheduled in FY22.
- Escalator skirt brush replacement- remainder to complete project.
- Escalator steps require replacement. On average 30 steps per year are replaced, 15 of which are included in the Schindler maintenance contract. Staff recommends purchasing the extra 15 at a cost of \$25,000 to have on site and avoid shutdowns.
- Security camera upgrade complete: Board requested better coverage to include all Beaver Creek Wonder pieces. Existing system had server and provider challenges.

A list of other potential capital projects will be discussed at the Board Retreat February 23rd. Staff requests Board input and prioritization on the list of other possible projects in FY21.

Mr. Luker asked about the possibility of upgrading the mountain cameras; those are the property of Vail Resorts. Mr. Luker suggests Mountain Operations could look at enhancing mountain cameras.

Mr. Metz asked if staff could provide quotes and capital dollars available for prioritization for the Board Retreat discussion.

Ms. Brown asked the Board to also consider upgrading two more escalators in fall of 2021.

Mr. Luker also suggested adding some additional enhancements for the Ice Rink activation in the summer.

After discussion, Mr. Donohue motioned to approve the FY21 preliminary Capital Plan as presented; seconded by Mr. Boselli and the motion passed unanimously.

9. FY21 Summer Marketing. Ms. Brown gave a verbal update of the Summer Marketing Committee's recent meeting. The Committee is looking to engage an outside agency to support summer marketing initiatives. The Committee is meeting in a week to discuss the Vail Resorts proposal. Mr. Luker requested that Vail Resorts come to the Committee meeting with a proposal. Mr. Nolan suggested the Committee should be looking at a bigger picture of what the resort wants to be in the summer. Mr. Maher stated the Committee would need to know what activities or amenities will be available this summer before a discussion about marketing can be productive.

10. Vehicle Replacements. The Transportation Committee has met and reviewed the vehicle replacement schedule after deferring part of the purchases last year due to the pandemic. Two new Gillig parking lot bus commitments had been made prior to the pandemic and the vehicles were received in the fall. With the uncertainty leading into FY21, Gillig bus purchases were not initially included as part of the planning process. The Transportation Committee reviewed the replacement schedule and asked Village Transportation to make a recommendation to the BCRC Board for 2021; their recommendation was to purchase two buses in FY21. After discussion by the Board about alternative fuel vehicles and consideration of need the Board asked the committee to conduct further research and return with a recommendation on the Gillig vehicles at the next meeting.

11. Inntopia Report. Mr. Metz reviewed the Inntopia Occupancy report for the current period. Winter pacing is trending closely to what was expected this season; early Christmas was the biggest dip in

occupancy, early January was trending flat, January and February trending down and March is trending up. Summer months are currently trending up for June and July.

13. Transportation Report. Mr. Trueblood reported the activities of the Transportation department. Over December, the average wait time was 9.5 minutes. Challenging issues have been 1) operating under COVID restrictions, and 2) hiring enough drivers for the fleet. There were five days in December that the service levels fell below the 90% rate.

Mr. Luker noted the new one-way travel on Avondale Lane that was initiated because of COVID will be reviewed this spring for a determination if the one-way travel is to become permanent. Mr. Nolan asked if staff could find out the ownership of the pull-out areas on Avondale Lane for clarification.

14. Public Safety Reports. Mr. Trueblood also reported the activities of Public Safety. The reports indicate a drop of booting and tow orders because of the change in traffic at Centennial Station. Reports also included number of early morning truck deliveries on Avondale, and an early closing report by merchants.

15. New Business. Mr. Nolan wished to express gratitude on behalf of the restaurants that were able to get a tent on their patio areas; the tent initiative has been successful and has generated an increased percentage of business.

Mr. Luker stated that the Village was “hopping and festive, just like spring break” last Saturday. He commended the Events Team on their work to keep the resort active.

Ms. Guerriero commented that the Snow Globe and Mirrored Skis are constantly busy with guests which is a reflection of the hard work by Board and staff to bring the experience to the resort.

Mr. Donohue restated the Board needs to focus on the Capital Projects wish list for energy and status of the resort going forward.

Mr. Bowker asked if Vail Resorts had a plan for the guests that may be here after the mountain closes on April 4. Ms. Brown suggested reviewing whether the Ice Rink may be kept open after Mountain closing pending occupancy rates but is yet to be determined. Mr. Nolan asked if that plan is decided to please share the information with the merchants.

16. Adjourn. With no further business to come before the board and upon motion by Mr. Luker and seconded by Mr. Bowker and unanimously approved, the meeting adjourned at 11:05 a.m.

Respectfully submitted,

Elizabeth Jones

LIST OF EXHIBITS
BOARD OF DIRECTORS MEETING
BEAVER CREEK RESORT COMPANY OF COLORADO
January 28, 2021

- A. Minutes of the BCRC Board of Directors Meeting December 10, 2020.
- B. Financial Report December 31, 2020