

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
BEAVER CREEK RESORT COMPANY OF COLORADO
May 27, 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, May 27, 2021 via Zoom internet visual platform as required by the social distancing measures in place as a result of the COVID-19 pandemic.

Ms. Guerriero called the meeting to order at 8:02 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
Phil Metz	Bob Boselli
Greg Willis	Ross Bowker
Brian Nolan	

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

Also in attendance:

Laura Waniuk, Karen Braden-Butz, Clint Huber and Sarah Innerarity from Beaver Creek Resort Company
Paul Gorbald, Koby Kenny and Jerry Hensel from Village Operations
Bill Simmons from Beaver Creek Metro District
Steve Nusbaum from Design Review Administration
Mike Trueblood and Jerry Hensel from Village Operations
Koby Kenny from Beaver Creek Public Safety
Dave Eickholt from Beaver Creek Metro District and Beaver Creek Property Owners Association
Bruce Kiely from Beaver Creek Property Owners Association
Jeff Deem from Vail Resorts Commercial Leasing
Bob Ford and Owen Hutchinson from Vilar Performing Arts Center
Heidi Miersemann from Park Hyatt Group Sales
Kevin Kelly from Husch Blackwell, P.C.

1. Public Comment. Ms. Brown welcomed Clint Huber to the BCRC team as the Director of Strategic Initiatives. Mr. Huber has served in many capacities for Vail Resorts and has a diverse background of project management that will serve well for the Board’s Vision plans.

2. Minutes of the Beaver Creek Resort Company Board Meeting March 25, 2021. Upon motion made by Mr. Bowker and seconded by Mr. Metz, the Board unanimously approved the minutes of the Board Meeting held March 25, 2021 as presented. The minutes are attached as Exhibit A.

3. Financial Report April 30, 2021. Mr. Allen reviewed the financial statements from April 30, 2021, which are attached as Exhibit B:

Year-to-Date Revenues: Through April 30th year-to-date (“YTD”) revenues had a positive variance of \$3,700,714.

- YTD Civic and Lodging Civic Assessments are ahead of budget by \$1,063,738. For April Civic and Lodging Assessments are estimated at \$222,038 compared to a budget of \$148,698. The five-year average for April from FY15-FY19 was \$185,514, resulting in April 2021 being 120% of average. YTD Mountain/Recreation Assessments are \$2,469,205, 37% below budget of \$3,902,723. The Mountain Rec YTD Budget is 16% below prior year and YTD Actuals are 47% below prior year.
- YTD RETA had a positive variance of \$3,941,988. Real estate sales have continued to be strong with closings of \$951,104 in April compared to the budget of \$272,523.
- Paid Parking – The paid parking capital was paid off in March. Going forward the VRI/BCRC split of 60/40 will be applied to net revenues. BCRC receives 40 percent of total revenues per the contract.

Year-To-Date Expenses: Total Expenses had a positive year-to-date variance of \$807,304.

- Administration had a positive variance of \$49,415. There were savings in the restaurant tent rental and the timing of the Beaver Creek Lodge special assessment. These savings were partially offset by the added expense of COVID-19 signage for the village.
- Activities & Events had a positive variance of \$296,224. Due to COVID protocols the winter activities and activations were scaled back.
- Vilar contribution has a negative variance of \$480,673 due to the increase in the operating contribution approved by the Board and increased real estate sales.
- Marketing had a positive variance of \$134,314. Reported savings include Winter Special Event Marketing of \$82,482; BC App Content Editor of \$22,443; and Free After 3:00 Parking of \$20,000.
- Transportation operations had a positive variance of \$802,126. Village Connect and the Village-to-Village service had a savings in operating costs of \$460,500. Parking Lot Service had a saving of \$76,679. In addition there was \$153,782 in savings of bus maintenance. The \$51,353 positive variance in overhead is due to the year-end true-up between BCMD and BCRC.
- Property Maintenance had a negative variance of \$46,121. The variance is due to escalator repairs and inspection costs of \$16,979; timing in Village Hall dues of \$4,396; and Ice Rink operations with the season extension and property taxes of \$35,554. This was offset by a positive variance for Management Fees of \$22,936.
- Design Review Board had a negative variance of \$13,544 due to increased legal fees.
- Insurance has a positive variance of \$46,753. BCRC received a refund of \$24,391 on prior year premiums and a timing difference on new policy year premium allocations.

Year-End Revenues: Revenues are forecast to have a positive variance of \$3,722,485.

- Civic and Lodging Civic and are forecast to have a positive variance of \$911,097. The booking pace for the summer is tracking ahead of last year but below budget. With the loosening of travel restrictions, lifting all County restrictions, the assumption is things will be back to normal by Memorial Day Weekend, and therefore summer could exceed budget. Mountain/Recreation Assessments are forecast to have a negative variance of \$1,433,518.
- RETA is forecast to have a positive variance of \$4,289,601. May RETA receipts collected thus far totals \$890,568, compared to a budget of \$242,956. Currently there are 6 condos pending closing for \$252,587 and one townhome pending closing for \$46,835 in RETA revenues. Additionally under contract with a RETA estimated at \$1,712,389 are 18 condos, 5 townhomes and 6 single family homes and duplexes. The forecast for May through September has been increased by \$347,613. Inventory levels are starting to get low especially in higher end condos and homes.

Year-End Expenses: Total expenses are anticipated to have a positive variance of \$782,972 by year-end.

- Activities and Events are anticipated to have a savings of \$482,290 vs. \$680,176 reported last month due to Eagle County lifting COVID restrictions and resuming summer events plans with expenses increasing \$197,886. At the recommendation of the Events Committee, Blues, Brews and BBQ, Family Challenge and Speakeasy were canceled. For summer 2021, the resumption of events include Memorial Day Weekend music and Ice Rink activation; Fourth of July enhanced music, fireworks and kids' activities; Weekend Wine & Dine offering to replace Wine & Spirits and the return of Oktoberfest at 2019 levels. \$40,000 has been budgeted for the Guest Summer Insight Survey.
- Vilar contribution has a negative variance of \$480,673. The operating contribution's negative variance is \$287,600 while the RETA contribution is forecast to have a negative variance of \$193,073.
- Transportation is expected to have a savings of \$880,488.
- Property Maintenance has a negative variance of \$90,238. The forecast includes maintenance projects that will be part of the \$100,000 maintenance contingency that was approved at the last Board meeting.
- The remaining expenses are expected to follow closely to the budget for the remainder of the year.

Capital Expenditures: \$629,837 has been spent on capital through April. Expenditures include \$255,951, on Beaver Creek Wonder; \$45,650 on the Beaver Creek App development; \$46,125 on village accent lighting, \$76,189 on fire pits, \$27,045 on ice rink games, flower pots and pergola, and \$166,991 on escalator rebuilds. The year-end forecast for capital expenditures is \$763,826. Summer projects include the village lighting consultant, ice rink furnishings, ice rink flooring that will allow for drainage and the rebuild of two escalators.

Cash Balance: The ending cash balance for April is \$16,867,022, compared to a budgeted cash balance of \$10,668,379. \$14,241,197 is being forecast for the year-end cash balance.

4. VCAF Affiliation Agreement. Ms. Brown presented the VCAF Affiliation Agreement as prepared by Counsel. Earlier this year, the Vail Valley Foundation, proposed restructuring the Facility Lease and Operation Agreement dated July 25, 2019 (the "2019 Lease") it entered into with Beaver Creek Resort Company and the Vilar Center Arts Foundation, in an effort to provide more transparency to donors, minimize risk, and create more opportunities for grants and donations. The Board instructed BCRC to negotiate a tri-party affiliation agreement to replace the 2019 Lease.

Board discussed the proposed agreement. BCRC Counsel Kevin Kelly was available for questions pertaining the draft. Mr. Luker suggested more time to review the document.

Mr. Bowker motioned to allow more time for review and hold a Special Board of Directors Meeting on June 7, 2021 at 8 a.m. to discuss this topic; seconded by Mr. Maher. Motion passed unanimously.

5. Winter Restaurant Tent Analysis. Ms. Braden-Butz presented the results of the Winter Restaurant Tent Analysis. The Winter Outdoor Seating Tent Program implemented November 2020 through April 2021 provided an increase in overall dining seating capacity due to the COVID restrictions on restaurant occupancy. Overall, restaurants reported actual total seat capacity with the tents at 70% of normal capacity vs. 83% from the original analysis. Utilizing the FY19 season's assessment revenues for comparison, the revenues for FY21 were 93% of the 2018-2019 season. The reported revenues from the incremental tent seat capacity was \$1,703,068 or 11% of total revenues.

FY21 Civic Assessment collection on the restaurant reported tent sales revenue of \$1,703,068 totaled \$91,114, a \$6,389 increase from the original analysis of \$84,725. This resulted in a net cost to BCRC for the tent program of \$68,817.

The feedback received from the restaurants included appreciation for the leadership and support of the initiative. Overall the program allowed business to remain solvent and kept revenue losses to a minimum. The tents provided guests with additional dining options, offered a safe experience through distancing and other measures and allowed larger families or groups to dine together. During peak periods, while capacities were still reduced and demand was high, guests had options for dining out.

Some restaurants would like to see the program return winter 2022 and if so, recommend considering structures or solutions befitting of the quality, look and feel of Beaver Creek. One noted indications for future dining trends involve giving guests options both indoors and outdoors; Beaver Creek has an opportunity to stay ahead of the trend.

Mr. Nolan thanked the Board for their support and participation in this program supporting the Beaver Creek Restaurants. The Board discussed and commented that moving forward, if there is an interest in a Winter Tent program again, data and follow-up should be provided for analysis.

6. FY21 Budget Amendments. Ms. Brown presented FY21 Budget Amendments requested by staff and the Events Committee. As Public Health orders have now been rescinded and summer travel demand is very high, plans have been fast tracked to ensure the guest experience is safe and BCRC resumes a more normalized approach to events this summer after Memorial Day. The following FY21 budget amendments were reviewed with the Budget Committee and they recommended Board approval:

- a. Summer Activities and Events: Memorial Day – incremental \$13,000 for ice rink music
 - July 4th - \$15,000 for evening back lawn music and kids’ activities
 - Wine & Dine Weekends - \$120,000 to produce the event over 3 or 4 weekends in place of Wine & Spirits
 - Enhanced Village Activation - \$40,000 to enhance and increase music and other daily activations
 - Total Summer Events Budget Amendment: \$188,000

- b. Hiking Center: The goal is to expand and provide new offerings this summer. With the elimination of public health orders, staff expects a return closer to 2019 revenues and expenses. The FY21 budget included a loss of \$26,000. The incremental staff costs increase this to a total of \$34,000 loss with an assumed revenue of \$59,000.
Total Hiking Center Budget Amendment: \$9,000

- c. Summer Guest Insight Surveys: RRC bid to complete defined scope of work approved by Events Committee is \$40,000. This amount was not initially included in the FY21 budget.
Total Research Budget Amendment: \$40,000 from FY21 approved budget/ \$10,000 from April forecast.

- d. Capital: Following Events Committee direction to enhance the ice rink offering, staff submitted a plan that was reviewed by the Board in March and was further refined at subsequent Event Committee meetings. The finance team has determined that certain expenses include Ice Rink furnishings and flooring can be moved from event operations to capital.
Total Capital Budget Amendment: \$28,400

After discussion and upon a motion for approval by Mr. Nolan and seconded by Mr. Boselli, the Board unanimously approved the FY21 Budget Amendments as presented.

7. Capital Discussion. Ms. Brown presented options for Capital projects to the Board. Upon review of the BCRC's current financial status, Board members have expressed interest in increasing the capital expenditures to further enhance the Village and resort experience. The FY21 budget includes \$844,000 in capital expenditure. Currently \$630,000 has been spent on capital. A list of maintenance and strategic capital projects were presented for consideration.

Maintenance:

- Landscaping: Board members have requested consideration for potential landscaping projects.
- Plaza furniture: updating and replacing all village furniture for 2022 winter season.
- Village Lighting Enhancement: purchasing additional lights to continue enhancements on trees in the village and along Village Road and golf course.
- Replace silk flowers for summer 2022.
- Pull 10-year projects forward from FY23 to FY21:
 - Plaza sound system (\$89,333)
 - Ice Rink Matting: (\$102,000)
- Reserve Study: updating the Reserve Study. Previous study was completed in 2011.

Strategic:

- Village Core Lighting Upgrades: Modernize lamp posts and enhance buildings, storefronts, and ambiance. Seek high tech, mobile operated solutions. Architectural lighting to provide warm glow from buildings throughout the evening.
- Shade: Zehren identified potential shade areas throughout the village core to enhance the summer guest experience. Zehren to obtain costs and delivery timeframes which are delayed.
- Fire pits: Plan from 2020 included the addition of a fire pit on the plaza level above the ice rink near Gorsuch and near the Village Hall conference entrance.
- Lech monument sign replacement at Welcome Gate. Celebrating the 20 year anniversary the sister resort sign is showing wear and tear and could be replaced to match the granite of the new BC monument sign at the main roundabout.
- Covered Bridge Roof Replacement: Cost estimate to be based upon design. Options include replacing existing material or using a more modern material to match the updated design in the Covered Bridge area.
- BCMD potential partnership projects: Continue Project Legacy (identify next priorities); Ford Hall entry bridge snowmelt and bridge stonework; future skier drop off enhancements.
- BC Sports Deck: Staff obtained estimates of \$64,000 to snowmelt the deck and add new pavers at a cost of approximately \$35,000, including leveling off the area and fixing the concrete band.
- Ice Rink Shade/Cover: On several occasions the Board has discussed the potential of covering the ice rink area. Certain concerns arose from adjacent property owners.
- Village App: Future enhancements to occur based upon 2021 user survey.
- Digital Signage: Modernize and digitize static signs.
- Creekside Park Master Plan: Upgrade playground, add permanent fire pits, enhanced seating, shelter and build potential group function space. Enhance restrooms and existing facilities.
- ADA: Obtain consultant to conduct resort assessment.
- Other ideas put forth by Board for consideration: sledding hill, pickleball.

After discussion, Board agreed to move forward with larger projects that add to the guest experience and will add "shock and awe" improvements. Ms. Brown is to set a meeting with Board members to further define specific projects that will fulfill this priority.

8. Village-wide Group Funding Request. Mr. Nolan introduced Heidi Miersemann, Director of Sales, Marketing & Events at the Park Hyatt, who recently approached Staff with a Village-wide Group initiative that fits the objectives of the Beaver Creek Resort Company. The request for funding was supported by the BCRC Marketing Committee and Budget Committee. In order to capture Village-wide business, Beaver Creek Village stakeholders require assets that can be shared across hotel brands and without branding restrictions; materials must be attractive and targeted toward a group meeting and event planning customer. Annual maintenance and updates are required to ensure assets are in line with changing group customer demands in order to continue to support the retailers, lodging, and resort partners that make Beaver Creek a luxury meeting destination.

The request for this Village-wide initiative includes a budget request of \$60,000 one-time expenses and \$149,200 annual expenses, an amount which is comparable to what BCRC has provided in the past toward Village-wide sales initiatives. All assets funded by BCRC would be owned and controlled by BCRC. This initiative will not require more staffing; it will be managed by a sub-committee of the Marketing Committee. The new Village-wide committee will be led by Ms. Miersemann representing the lodging community and Ms. Jones with oversight by Ms. Brown.

The Board requested a method of analysis for reporting success going forward, and clarified that Jim Kellen's company would be used to develop the assets. After discussion and upon motion made by Mr. Luker and seconded by Mr. Nolan, the Board unanimously approved the incremental funding request of a total of \$209,200.

9. Transportation Update. Mr. Trueblood presented updates from the Transportation Committee, which met several times over the course of the winter to discuss operations. Going forward the committee will meet monthly in preparation for next season.

Winter Recap

- Successes
 - Adjusted operations to be in compliance with State, Local, and company COVID guidelines and SOPs.
 - Maintained a healthy staff base throughout the season. No COVID outbreaks associated with the workplace or transportation.
 - Achieved a 93% service level for percent of ride picked up within 20 minutes throughout the winter operating season.
 - Lead the Vail Resorts enterprise in Transportation guest service (GX) scores, an improvement from second across the enterprise through 2020 before the season was shut down. GX is the internal guest satisfaction survey process.
- Challenges
 - Operating in a Covid environment with vehicle capacity limited to 50%.
 - Additional required processes for the cleaning/disinfecting of buses, protocols to be followed for drivers, guests, queuing, loading and unloading.
 - Hiring sufficient staff to meet demand that was compounded by limited vehicle capacity.
 - Full Time and Part Time staffing peaked at 110 available drivers in January-February, decreased to below 100 by the end of the ski season.
 - Barriers included resistance to driving in Covid environment and clearing candidates through CDL licensing and screening. Some experienced drivers also indicated reluctance to drive in Covid environment so returning numbers also decreased.
 - Applications increased from approximately 130 in FY20 to 180 in FY21 but conversion percentage decreased.

Summer 2021 Preview

- Objective is to provide service hours at 2019 levels plus 10% in anticipation of higher visitation and village occupancy levels. That would result in approximately 2,200 hours provided in June, 2,800 each in July and August and 2,100 in September.
- Summer hiring has been stronger than expected and better than 2020. Seen an increase in winter drivers wanting to stay in summer and we have had enough new applicants for a new hire class that went through training the week of May 17.
- Operating protocols have been updated for new guidance and highlights include:
 - Removal of posted vehicle occupancy limits
 - Updated cleaning protocols
 - Continued requirement of masks on buses for guests and drivers (federal guidance)

Winter 2022 Hiring

- Preliminary goal is to hire 140 employees (split across full and part time)
 - FY19 peak staffing: 125
 - FY21 peak staffing: 110
- 140 employees (across BC, BG, AH)
- Total employee number includes Team Leads and Managers, a small number of dispatch and support employees. All but 3-5 of the staff are available to drive if needed.
- Key Learnings for Winter 2022:
 - Applying additional resources to process of managing applicants through the hiring process. Conversion rate decreased 10 percentage points from prior year which equated to approximately 15 drivers
 - Coordinate with VR Talent Acquisition Team and Village Transportation Team to keep increasing number of applicants above PY total of 180.
 - Seek additional sources of new hires beyond traditional areas such as in person job fairs.
 - Start time for opening requisitions and postings slated for August 1. Also have a process in place to direct hire interested, qualified applicants prior to August 1.
 - Looking at additional ways to provide incentives to employees beyond base wage.

Board discussed hiring challenges and the plans to recruit new employees. Board discussed possible incentives for drivers to complete the season; discussion to continue with Transportation Committee prior to the next Board meeting.

10. Design Review Update. Mr. Nusbaum presented Design Review updates; volume is high, consistent with last year and is directly connected to sales volume. A seasonal summer employee has been hired for construction activity management. There are issues with building supply chains and availability of architects, so Design Review is spending more time with folks that are not familiar with the approval process. A very busy construction summer is anticipated.

11. Public Safety Report. Mr. Kenny reported a slow month after the mountain shut down. There has been a year-over-year increase of sledding violations, trash violations and tow orders. Staffing is ramping up for summer and CCA coverage. BCPS will staff the parking garages all summer.

14. New Business. Mr. Luker recognized Gary Shimanowitz and his team for operating during a challenging year with COVID and SOPs; although it was challenging they did everything to maximize the guest experience.

Ms. Guerriero offered an update regarding the new construction of McCoy Park; the lift lines and runs have been cut and the construction of the warming hut has started. Doppelmayr has been mobilized. All

contracts are complete and ready to go. The new runs have been named and are in the plans for completion before ski season open 2021.

Mr. Luker asked about the shade plans with Zehren and Ms. Brown said she will follow up with the Board on priorities. Mr. Luker suggested the Board go through the project in detail soon.

The next BCRC Board meeting is planned for July 22 at 8am via Zoom.

After further discussion of the Affiliation Agreement, the Board agreed to set a meeting with Counsel for questions on Wednesday, June 2nd at 2:30pm via Zoom. The Special Board Meeting for the Affiliation Agreement topic was set for June 7, 2021 at 8am via Zoom.

15. Adjourn. With no further business to come before the board and upon motion by Mr. Nolan and seconded by Mr. Metz and unanimously approved, the meeting adjourned at 10:12 a.m.

Respectfully submitted,

Elizabeth Jones

LIST OF EXHIBITS
BOARD OF DIRECTORS MEETING
BEAVER CREEK RESORT COMPANY OF COLORADO
May 27, 2021

- A. Minutes of the BCRC Board of Directors Meeting March 25, 2021
- B. Financial Report April 30, 2021