

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
BEAVER CREEK RESORT COMPANY OF COLORADO
August 26, 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, August 26, 2021 in the Beaver Creek Lodge, Beaver Creek, Colorado.

Ms. Guerriero called the meeting to order at 8:00 a.m. 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:

Nadia Guerriero	Tim Maher
Jeff Luker	Jim Donohue
Phil Metz	Bob Boselli (via conference phone)
Gary Shimanowitz	Ross Bowker (via conference phone)
Brian Nolan	

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

Also in attendance:

Karen Braden-Butz from Beaver Creek Resort Company
Mike Trueblood and Koby Kenny from Village Operations
Bill Simmons from Beaver Creek Metro District
Dave Eickholt from Beaver Creek Metro District and Beaver Creek Property Owners Association
Bruce Kiely from Beaver Creek Property Owners Association
Paul Jeppson from Beaver Creek Lodge
Chris Romer from Vail Valley Partnership

1. Public Comment. Mr. Kiely stated the BCPOA Fire Mitigation Committee was working on a Emergency Card that will be sent to all owners.

Mr. Luker wished to acknowledge Mr. Graveel’s service and tenacious commitment to the Beaver Creek Metro District and wishes him well as Mr. Graveel is resigning from the Metro District Board.

Ms. Guerriero stated the opening day for Beaver Creek’s ski season has been announced as Wednesday, November 24th. This winter ski season may be different but there are no capacity limitations, reservation systems or restrictions expected.

2. Minutes of the Beaver Creek Resort Company Board Meeting July 22, 2021. Mr. Bowker noted a change needed in the draft minutes from a fee of 6% to a fee of .06%. With this change and upon motion made by Mr. Nolan and seconded by Mr. Maher, the Board unanimously approved the minutes of the Board Meeting held July 22, 2021 as presented. The minutes are attached as Exhibit A.

3. EGE Air Alliance Funding Request. Mr. Romer presented the FY2022 EGE Air Alliance Funding Request. Despite the challenges that continue to face air travel and the hospitality industry, air service at the Eagle County Regional Airport has increased this summer with new service to Atlanta and Chicago and increased service from Denver and Dallas. The Alliance continues to meet with new airline partners and pursue service from new markets to the Eagle County Regional Airport. Airport intercept study

results show Vail and Beaver Creek guests accessing the resorts via EGE are some of our most loyal and frequent guests. They are traveling here with intent to ski, they stay in paid lodging, and enjoy all aspects of their resort visit including dining, shopping and visiting galleries. The current trends at Eagle County Regional Airport include:

- Domestic load factor for first quarter 2021 was down 14% from 2019 (pre-pandemic)
- Average rate (one way) fare was down 30.2% from 2019 (pre-pandemic)
- Top markets were South Florida, New York/Newark, Dallas and Chicago
- New air service for summer 2021 from Atlanta & Chicago
- Increased summer service in 2021 from Dallas and Denver
- Importantly, we expect all airline partners (American, United, Delta) to maintain traditional flight markets for the upcoming 2021-22 ski season

As in prior years, the Alliance's funds will be used to attract new flight service, to provide continued support for developing markets as required, and the Alliance also continues working to secure long term funding in partnership with the Eagle County Transit Optimization Task Force and local transit agencies. Heading into 2022, the Alliance hopes to raise in excess of \$370,000 from its coalition of public sector and special district supporters.

Mr. Nolan inquired about the locals' rebate program the VVP offered this year; Mr. Romer stated it was a success but does not know if it will be offered again in the future.

After discussion and upon motion made by Mr. Luker and seconded by Mr. Maher, the Board unanimously approved a contribution amount of \$75,000 to the EGE Air Alliance for the FY2022.

Mr. Metz stated that if other communities were open to matching a larger contribution in FY2022, the BCRC Board would be open to other requests for FY2022 funding.

4. Financial Report July 31, 2021. Mr. Allen reviewed the financial statements from July 31, 2021, which are attached as Exhibit B:

Year-to-Date Revenues: Through July 31st year-to-date ("YTD") revenues had a positive variance of \$6,065,738.

- Civic and Lodging Civic Assessments are ahead of budget by \$1,641,710. For July, Civic and Lodging Assessments are estimated at \$877,241. This is 53% ahead of budget and 130% ahead of last year. Compared to 2019, Civic and Lodging Civic Assessments are ahead 86%. YTD Mountain/Recreation Assessments are \$2,644,495, which is 35% below budget and 44% below prior year. For the month of July Mountain/Recreation Assessments had a positive variance of \$23,709.
- YTD RETA had a positive variance of \$5,627,363. For July RETA was \$379,798 compared to a budget of \$154,916.

Year-to-Date-Expenses: Total Expenses had a positive year-to-date variance of \$1,116,795.

- Administration had a negative variance of \$12,395. Negative variances include Admin management fees which has a negative variance of \$74,943 due to staffing changes and COVID-19 signage of \$6,556. These negative variances are being partially offset with savings from the restaurant tent rental and timing of the Beaver Creek Lodge special assessment. It is anticipated that the special assessment will be paid prior to year-end.

- Activities & Events had a positive variance of \$496,812. Due to Public Health orders, winter activities and activations had to be scaled back. In addition Blues Brews & BBQ, Craft Beer Festival, Family Challenge, Wine & Spirits and Speak Easy Festival were canceled.
- Vilar contribution has a negative variance of \$573,664 due to the increase in the operating contribution approved by the Board and increased real estate sales.
- Marketing had a positive variance of \$104,067 due to winter special event marketing, BC app savings and Free After 3 PM parking subsidy savings.
- Transportation operations had a positive variance of \$939,459. Village Connect, Village-to-Village and parking lots all had savings in operating costs through the winter. In addition there was savings in bus maintenance and the \$51,353 positive variance from the year-end true-up between BCMD and BCRC.
- Property Maintenance had a positive variance of \$107,998. Property maintenance management fees had positive variances due to lower staffing levels and ice rink management fee had a positive variance due to the conversion of the ice rink for summer activation. The positive variance is being partially offset by increases in escalator maintenance and inspections and ice rink property taxes.
- Public Safety has a positive variance of \$108,509 dues to savings in the management fees.
- Design Review Board had a negative variance of \$29,210 due to increased legal fees and an additional summer employee.
- Insurance has a positive variance of \$71,138. BCRC received a refund of on prior year premiums and savings on new policy year premiums.

Year-End Revenues: Revenues are forecast to have a positive variance of \$5,947,838.

- Civic and Lodging Civic had a positive variance of \$1,063,738 at the end of the ski season and a positive variance of \$2,176,091 through the end of the summer. Mountain/Recreation Assessments are forecast to have a negative variance of \$1,409,740 which is a decrease in the year-end negative variance of \$103,906.
- RETA is forecasted to have a positive variance of \$4,906,532. This is a reduction from the prior forecast of \$495,949. The volume of properties going under contract has slowed significantly in the past weeks and the August and September budgets were fairly aggressive.

Year-End Expenses: Total expenses are anticipated to have a positive variance of \$875,898 by year-end.

- Administration is forecast to have a negative variance of \$106,334 by year-end due mainly to staffing changes.
- Activities and Events are anticipated to have a savings of \$512,706 due to the reduced winter activations and cancellation of signature events.
- Vilar contribution has a negative variance of \$537,621. The operating contribution's negative variance is \$296,322, while the RETA contribution is forecast to have a negative variance of \$241,299.
- Transportation is expected to have a savings of \$652,054. This is a reduction from the previous year-end forecast savings of \$99,462. The reduced savings is due to increased Village Connect service hours and anticipated bus maintenance.
- Property Maintenance has a positive variance of \$31,080. The forecast includes maintenance projects resulting from the Board approved \$100,000 maintenance contingency. This negative variance is being offset by savings in management fees.
- Public Safety is anticipated to have a savings of \$94,239 related to savings in the management fees.

- DRB has a negative variance of \$39,352 as a result of increased legal fees and addition of staff.

Capital Expenditures: \$785,728 has been spent on capital through July. Expenditures include \$260,361 on Beaver Creek Wonder; \$50,100 on the Beaver Creek App development; \$46,125 on village accent lighting, \$76,195 on fire pits, \$31,127 on plaza and ice rink furnishings; \$20,649 on ice rink flooring for drainage; \$106,400 on public safety vehicles; \$11,886 on village security cameras and \$166,991 on escalator rebuilds. The public safety vehicles received from BCMD were recorded at fair market value of \$106,400. The vehicles were transferred from BCMD at no cost to BCRC. Accounting principles require that they be recorded as assets with the offsetting account being capital contribution revenue. The year-end forecast for capital expenditures is \$861,860.

Cash Balance: The ending cash balance for July is \$15,812,929, compared to a budgeted cash balance of \$7,779,026. \$16,128,968 is being forecast for the year-end cash balance. \$10,000,000 was transferred to an investment account in August.

5. FY22 Draft Budget Version 1. Mr. Allen presented the first version of the FY22 Draft Budget. The Budget Committee, comprised of Tim Maher, Bob Boselli, and Ross Bowker, reviewed the revenue assumptions and met with village operations, transportation, special events, marketing and administration to review their detailed budgets. The final ratification of the FY22 Budget will take place at the Annual Meeting.

Discussion by the Board included anticipated escalator repairs, Design Review increased costs and new leased space, Transportation costs, Fire Mitigation costs, budgeted staff levels, insurance costs compared to national average, inflation rates to use, COVID provisions in contracts and events planned.

Mr. Luker requested that an initiative to automate and digitize the Design Review process should be added to the FY22 Budget.

6. Transportation Contract Terms. Mr. Trueblood presented Transportation Contract Terms for the FY22 transportation service. Service hours and costs are listed in each contract exhibit for the contract between Vail Resorts and the Beaver Creek Metro District for the operation of the transportation system. These terms will be presented by Vail Resorts to the Metro District for approval at their September meeting.

BCRC is obligated by contract to fund the total costs of the System in excess of the difference between the Metro District's mill levy generated revenue to provide the transportation service of the parking lot buses, Village Connect (Dial-A-Ride) and the Arrowhead inter-village winter shuttle, which is a cost share. Two additional items, a proposed driver bonus based upon hours worked over the course of the season, and a question of insurance costs, are still being reviewed with the BCRC Transportation Committee. The transportation budget will be reviewed again following BCMD's approval of contract terms with Vail Resorts.

Mr. Nolan requested to add columns on the reports for number of rides booked and number of people served.

7. Annual Meeting Date Change. Ms. Jones presented a request by staff to change the Annual Member Meeting and Annual Board meeting date. Upon motion made by Mr. Nolan and seconded by Mr. Boselli, the Board unanimously RESOLVED:

RESOLVED, that the 2021 Annual Meeting of Members shall be held via Zoom internet webinar at 8:00 a.m. on Tuesday, December 7, 2021, with the Annual

Meeting of the Board of Directors to follow immediately thereafter in person at the Vilar Performing Arts Center with a Zoom internet platform option.

8. Annual Meeting Date and Record Date to Determine Members Entitled to Run. Ms. Jones reviewed the annual resolutions required to set the Annual Meeting date and Record Date for Members entitled to run. At this year's annual meeting, one Class A (Residential), one Class B (Hotel & Lodging) and one Class D (Other) will be elected. These seats are currently held by Tim Maher, Ross Bowker and Bob Boselli, respectively, whose terms are expiring. Additionally, the Class F (Mountain Special) Board members will be appointed by the Declarant, the Vail Corporation. The existing Class F Board members are Nadia Guerriero and Phil Metz.

Upon motion made by Mr. Nolan and seconded by Mr. Luker, the Board unanimously RESOLVED:

**BEAVER CREEK RESORT COMPANY OF COLORADO
RESOLUTIONS OF THE BOARD OF DIRECTORS
ESTABLISHING 2021 ANNUAL MEMBER MEETING DATE AND
RECORD DATE TO DETERMINE MEMBERS ENTITLED TO VOTE
Board of Directors Meeting August 26, 2021**

RESOLVED, that the 2021 Annual Meeting of Members shall be held via Zoom internet webinar at 8:00 a.m. on Tuesday, December 7, 2021, with the Annual Meeting of the Board of Directors to follow immediately thereafter in person at the Vilar Performing Arts Center with a Zoom internet platform option.

FURTHER RESOLVED, that October 11, 2021 is hereby established as the record date for the purpose of determining members entitled to notice of or to vote at the Annual Meeting of Members of the Company set for December 7, 2021;

FURTHER RESOLVED, that October 11, 2021 be the date by which all nominations for directors seats must be received; and

FURTHER RESOLVED, that the Company deliver notice of such nomination deadline date to the members as soon as practical after September 13, 2021.

9. Regulations Approvals. Ms. Jones reviewed the following Regulations Committee recommendations:

- a) The Regulations Committee requested Board support to incentivize homeowner participation in obtaining a Fire Mitigation study for their property and conducting Fire Mitigation work to clear some areas of their property. This plan will be widely communicated to all Beaver Creek property owners via print mail and email:
 - o Design Review approval is required for all fire mitigation/tree removal projects (and will be expedited when possible).
 - o If a homeowner attaches a professional Fire Mitigation Study to the Design Review application, Design Review will waive the \$200.00 Design Review fee for the mitigation/tree removal work.
 - o If the Fire Mitigation work is completed by a professional company, the Construction Compliance Deposit will be waived (applies only to tree removal work and no other construction activity).

Upon motion made by Mr. Nolan and seconded by Mr. Maher, the Fire Mitigation initiatives were unanimously approved.

- b) A request was received to reinstate the Snowplow Regulation in an effort to educate snowplow operators about the proper snowplow methods allowed in Beaver Creek and track any snowplows that may cause damage. The Snowplow Regulation was rescinded by the BCRC Board in 2017 after years of not utilizing the Regulation, however, there is a need for tracking the activities of snowplow companies in the resort. The Regulations Committee recommended reinstatement of the Regulation. The Committee further supported waiving the \$200.00 permit fee until December 31, 2021 in an effort to get all snowplow companies signed up quickly. Upon motion made by Mr. Maher and seconded by Mr. Nolan, the Board unanimously reinstated the Snowplow Regulation as presented; the Regulation is attached as Exhibit C.
- c) The Regulations Committee agrees that allowing restaurants to tent their approved deck/patio areas in the future to expand their seating opportunities should be allowed and encouraged. They aligned on language changes to the Village Design Review Guidelines and the Core Area Tent Regulation to allow for Winter Restaurant Tents in the future. Upon motion made by Mr. Donohue and seconded by Mr. Luker, the Board unanimously approved changing the following language:

Update to BC Village Guidelines

Append to Village Guidelines section 2.3 (pg 13)

For the time period allowed within the Rules and Regulations pertaining to Tents, restaurants may erect tents and free-standing enclosures to support additional capacity or unique guest experiences. Consistent with the commercial space design concepts to achieve overall uniqueness and vitality, there are a variety of potential structures which could be considered. Any structure that is fully soft-sided such as a paneled tent or yurt shall be a solid color consistent with the Commercial Space Accent Color guidelines (see section 2.7). Hard-sided structures such as gondola cabins or enclosed pergola, gazebo or pavilions shall reflect alignment of alpine design and materials and be of a natural earth tone base color. Wood and forged metal elements are encouraged; there should be minimal or no exposed aluminum or hard plastic elements. Stenciling, décor and embellishments may enhance a Colorado or European design theme. Clear plastic or glass ‘bubble’ style tents or greenhouse-like structures are not permitted on a standalone basis, although clear walls could be allowed within a properly themed frame consistent with hard-sided structure design guidelines.

Tents and free standing enclosures must have clear or lightly tinted windows that comprise at least 15% of each wall panel not facing the building. Lighting inside the tent or enclosure is required, with a color of light 3500 Kelvin or warmer.

Infrastructure for the enclosure such as wiring, weights or ballasts shall not be visible from the exterior. Any cabling or ducting to the tent or enclosure may not cross any path where guests or employees may reasonably walk. Egress and accessibility must be approved by the Fire Department.

Heating elements are required for approved tents in winter season and must be approved by the Eagle River and Fire District. Restaurants are required to have propane tanks stored in approved storage areas out of sight of the public.

Update to Core Area Tent Guidelines Regulation

RESTAURANT TENTS AND FREE-STANDING ENCLOSED STRUCTURES

Size: Width, depth and height restricted to approved restaurant patio area.

Color: Compliant with DRB guidelines

Locations: Restaurants only

Maximum time: Seasonal winter, November 1st through April 30th.

Approvals: Building Association, Fire District, Landlord, BCRC and DRB

Tie-downs: Compliant with DRB guidelines; no water barrels, ballasts or weights visible from exterior. Concrete or water filled weights are recommended. No stakes allowed.

Pavers and snowmelt system: If damaged, vendor will be charged for any necessary repairs

Compliance: Structure must comply with applicable County building codes, fire codes and health codes.

Heating: Tents must be heated and inspected for approval from Fire Department

10. Strategic Initiatives Update. Ms. Brown updated the Board on Mr. Huber's strategic initiatives projects:

Strategic initiative priorities identified and aligned upon at the July 22nd Board meeting include:

1. Village lighting and sound
2. Off-mountain family activities, i.e. sledding
3. Beaver Creek Sports deck utilization
4. Winter restaurant tents
5. Summer camps

Additionally, significant work and progress has been made on the Competitive Landscape Studies, which includes two components:

1. Guest Conquesting Study
2. Competitor Set Analysis (summer)

Village Lighting and Sound

There are three components to the Village lighting project approach, each contributing to a high-impact transformation of the Beaver Creek evening experience:

- a) *Architectural*, which includes lighting of buildings, pathways and Village features;
- b) *Creative and thematic ambience* to drive energetic and festive vibrancy; and,
- c) *Interactive elements and vignettes* to engage and surprise guests

Focus has been on finding and vetting vendors with experience and excellence in all of these areas. Staff is reviewing potential site visit proposals from two top-tier vendors with experience in all three areas, plus opportunities with two cutting-edge design firms specializing in interactive elements.

In parallel, staff is developing narratives and creative descriptions of the desired emotions, energy, imagery, and experience unique to Beaver Creek Village to provide artistic guidance and thematic cohesion of both lighting and sound projects.

It is expected for vendor selection and proposals to be processed in the fall, likely with a phased rollout including design, engineering and installation costs in each phase. Phase I installation may begin spring 2022 prior to summer.

Off-Mountain Activities

BCRC's proposal to host a mild sledding hill in lower Creekside Park is pending review by VR; a decision is expected in August. Should the proposal be approved, collaboration with VR on operating plans and specifications would occur prior to winter.

Alternatively, staff has been in contact with a leading ice castle event producer about potential opportunities in Beaver Creek. Viability remains unknown, but dialogue will continue to be pursued as a potential backup activation plan.

Beaver Creek Sports Deck Utilization

Pending approval from the Park Plaza HOA Board, vendors have been identified and have expressed preliminary capability to complete the following work prior to this winter:

- Replacement of hardscape with pavers that match the primary Village promenades and install an underlying snowmelt system. Estimated costs for snowmelt installation and new pavers is \$124,000.
- Removal of doorway awning above unused double doors and potential installation of free-standing 'press wall' and podium concept for guest interaction and photos. Estimated costs for this work is \$10,000.
- Installation of potential structural and electrical infrastructure under pavers and snowmelt to accommodate a future Phase II signature interactive sculpture or scenic element. Estimated costs for this work is \$12,000.

A subsequent phase could include design and installation of a signature interactive sculpture or scenic element in the spring.

The Board recommend that staff further investigate possibilities for the rock wall before proceeding with project which could be moved to spring 2022.

Winter Restaurant Tents

Two tracks of work are in process related to winter restaurant tents:

1. In the event of *COVID-related capacity restrictions*, BCRC is seeking to secure a guarantee from Premier Party Tents for availability and quick turnaround installation of tents for restaurants similar to last year (with some adjustments to tent sizes, particularly as it relates to view corridors).
2. *A long-term plan* to allow for tents and outdoor enclosures for restaurants. Regulation changes were approved at this August 26th Board meeting.

Summer Camps

Work on summer camps remains in the scoping and planning phase. Staff is still identifying potential camp structures and models that would work best for Beaver Creek.

- Preliminary and high-level meetings have been held with VPAC staff regarding how performing arts camps might utilize the Vilar facilities.
- One concept to reduce financial risk and leverage content expertise is to partner with a third-party content/media provider that has demographic and brand overlap with Beaver Creek (i.e. National Geographic, Wondrium continued learning platform, etc.). A camp model could benefit from their content development and delivery expertise, marketing capability and potential brand recognition.

Guest Conquesting Study

In an effort to inform decision-making for summer marketing and Village investments, RRC Associates has been engaged on a two-phase research project, on track for completion within approximately six weeks.

1. *Email surveys*. Currently reviewing final draft of surveys to be sent to 8,200 destination visitors of luxury mountain resorts but *not* Beaver Creek. Questions will determine ratings and

perceptions of other resorts in addition to Beaver Creek, identify drivers behind travel decisions, and provide general feedback.

2. *Panel discussion.* Following completion and review of email surveys, a small subset of those surveyed will participate in a facilitated focus group discussion to gather additional detail and qualitative responses to drive marketing and investment decisions.

Competitor Set Analysis

Two highly qualified vendors were identified and engaged for scoping discussions to support the objectives of the study. Each of the vendors provided valuable feedback on the project, however neither had the capacity to conduct the study and deliver a report before the winter season. Given the immediate value of the data as an input to a multiyear plan for strategic initiatives, this study is being executed in-house and will be complete prior to the September 23rd Board meeting. Estimated cost of \$10,000 for the in-house study compares to a range of \$50,000-\$100,000 to outsource.

Conclusion and Next Steps

While steps remain to secure meaningful impact for this winter, the pieces are in place and plans will adapt as circumstances evolve. The aggressive approach to data collection including the portfolio of Competitive Landscape Studies will support the momentum building behind the strategic plan and will drive the development of a new multiyear, prioritized project plan.

11. Public Safety Reports. Mr. Kenny offered updates of Public Safety Patrol activities; medical calls have been up due to increase in group activities such as weddings, bear encounters have been less, and bike accidents have increased. Mr. Luker asked Mr. Kenny to bring back data for Board decision on e-bikes on the Village recreation path.

12. New Business. Mr. Nolan stated the restaurants will be hosting a fundraiser for JW Busby on September 22nd and asked for everyone's participation.

Mr. Bowker suggested that Metro District should paint a stripe down the middle of the Village recreation path to separate traffic on the path.

13. Adjourn. With no further business to come before the board and upon motion made by Mr. Donohue, seconded by Mr. Maher and unanimously approved, the meeting adjourned at 10:22 a.m.

Respectfully submitted,

Elizabeth Jones

LIST OF EXHIBITS
BOARD OF DIRECTORS MEETING
BEAVER CREEK RESORT COMPANY OF COLORADO
August 26, 2021

- A. Minutes of the BCRC Board of Directors Meeting July 22, 2021
- B. Financial Report July 31, 2021
- C. Reinstated Snowplow Regulation