

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
BEAVER CREEK RESORT COMPANY OF COLORADO
AUGUST 25, 2022

The 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 25, 2022.

Ms. Guerriero called the meeting to order at 9:02 a.m. Mr. Clancy 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	Jeff Luker via zoom
Phil Metz via zoom	Brian Nolan
Bob Boselli	Tim Maher
Jim Donohue	Peter Dann

1. Executive Session. Upon motion made by Mr. Boselli and seconded by Mr. Nolan and Mr. Metz, the Board moved into Executive Session at 9:05 am. Mr. Clint Huber and Ms. Karen Braden-Butz from BCRC joined the Executive Session discussion.

Upon motion made by Mr. Boselli and seconded by Mr. Nolan, the Board moved into Public Session at 10:01 am.

Attendance in Public Session:

Dave Eickholt and Bill Simmons-Beaver Creek Metro District
Chris Romer- Vail Valley Partnership
Sarah Franke- Vail Valley Foundation
Owen Hutchinson- VPAC
Hugh Fairfield-Smith- Eagle River Fire Protection District
Lee Hoover- Beaver Creek Village Operations
Koby Kenny- Beaver Creek Public Safety
Paul Gorbald- Beaver Creek Transportation
Krista DeHerrera-Beaver Creek Resort Company
(There were two people from VR Retail?)

Attending via Zoom:

Dave Dressman- Vail Valley Foundation
Sam Hearn- Design Review Board
Sarah Innerarity, Inno Martino, Alex Bradshaw from Beaver Creek Resort Company

2. Public Comment. Mr. Dave Eickholt spoke on behalf of the Beaver Creek Metropolitan District in regards to the potential formation of the Eagle County Regional Transportation Authority on the ballot this upcoming November. The BCPOA has expressed support of this initiative. He is requesting support from BCRC and BC Merchants.

3. Minutes of the Beaver Creek Resort Company Board Meeting July 21, 2022. Upon motion made by Mr. Nolan and seconded by Mr. Metz, the Board unanimously approved the minutes of the Board Meeting held July 21, 2022 as presented. The minutes are attached as Exhibit A

4. EGE Air Alliance Funding Request. Mr. Chris Romer spoke on behalf of the Vail Valley Partnership and presented the EGE Air Alliance FY 22 performance highlights including that Q1 airport traffic has increased 6.3% since pre-pandemic levels of FY19. Mr. Romer requested the FY23 EGE Air Alliance funding of \$75,000 to ensure vibrant flight schedules with the airline partners.

Mr. Boselli asked about the direct tax benefit for Eagle County from the airport tax revenues. Mr. Romer said that the economic impact from the on-airport results in business revenues of about \$85M. The county contributes \$120,000/year to EGE Air Alliance along with fully funding the Air Service Consultant so all in at about quarter million.

Ms. Guerriero asked Mr. Romer to explain what new markets and new airline partners have been identified. Mr. Romer stated that new services from Austin, TX been added and others are in consideration.

After discussion and upon motion made by Mr. Nolan and seconded by Mr. Metz, Mr. Dann abstained. The Board approved the contribution amount of \$75,000 to the EGE Air Alliance for the FY2023.

5. Vail Valley Foundation BOP Funding Request. Sarah Franke and Dave Dressman presented on Birds of Prey that is scheduled from December 2-4th with all speed races. Ms. Franke thanked Ms. Guerriero's mountain team and the Metro District for all their support for the race. With increasing operational expenses that revenues cannot keep up with, Ms. Franke has requested an increase of funding from BCRC. Vail Valley Foundation respectfully request an increase of \$103,000 this year moving the annual sponsorship from \$212,000 per year to \$315,000.

Mr. Boselli asked about the marketing impact of domestic and international viewership. Ms. Franke stated that there was just under 1 billion marketing impressions worldwide from the event.

Ms. Guerriero asked if there would be modified restrictions from last year in order to accommodate more spectators. Ms. Franke said that their hope is to have less capacity restrictions and get back to a more normal layout for the event.

Mr. Boselli inquired about what kind of Beaver Creek Resort commercials will be pushed out to promote the resort. Mr. Dressman said that the domestic broadcast contract has not been signed yet. A 20-30second commercial could still be created or a sponsorship segment during the show be added. Beaver Creek is featured throughout the show with signage and flyovers. Further options about resort marketing options were discussed.

Mr. Luker inquired about the increased funding ask and why if expenses are increasing by 30%, why is the funding request increased to 50% and what other sponsors are increasing at that rate? Mr. Dressman responded that the increase was not straight across the board but of course they are trying increase sponsorships where they can. There was further discussion about the increased costs and production of this World Cup race.

Mr. Luker stated that if this increase is approved, then BCRC should be listed as a prominent sponsor and included in the shareholder report. Ms. Franke said that in past that Beaver Creek logo was deferred as sponsorship but would be happy to put the Resort Company logo on materials.

After discussion and upon motion made by Mr. Nolan and seconded by Mr. Metz, the Board unanimously approved the contribution amount of \$315,000 to the Vail Valley Foundation.

6. VPAC Remodeling Approval Request. Owen Hutchinson with the Vilar Center gave an update on the design phase of the HVAC and Sound System upgrade projects. The VPAC is requesting approval to proceed with the Construction Phase of the upgrade which will cost roughly \$825,000 and will start in early October and be completed in early December.

Upon motion made by Mr. Donohue and seconded by Mr. Nolan, the Board unanimously approved the Construction Phase of the VPAC upgrades.

7. Wildfire Mitigation Update. Hugh Fairfield Smith presented on the success of the Wildfire Mitigation program in being above acreage and under budget. They have identified additional areas with the Metro District to add 74 acres of tactical fire mitigation that had been scheduled for 2023. The additional \$94,720 scope of work is still within the BCRC's not to exceed contribution of \$425,000. There is still opportunity for more communication to the community about the combined efforts of BC Metro, BCRC, and BCPOA has done to keep the resort safer from the risks of wildfire.

8. Financial Report July 31, 2022. Ms. Braden Butz reviewed the financial statements from July 31, 2022, which are attached as Exhibit B:

July revenues resulted in a positive variance to budget of \$156,826.

- Civic and Lodging Civic Assessments has been estimated at 37% above budget due to ADR at an 8% increase over prior year and a continued strong occupancy averaging at 54% for the month.
- Real Estate Transfer Assessments had a positive variance to budget of \$78,224. July sales resulted in 11 intervals and 6 condos on a budget of 5 intervals, 3 condos and 1 home. The average sale price for the 6 condos is \$2,251,333 vs. the average sales price budgeted at \$1,675,118.
- Special Event Revenue's negative variance of \$53,361 is due to Day Camp revenues. The average pricing per child is \$128 in which July resulted in 275 vs. budget of 691 children attending.

July expenses resulted in a positive variance to budget of \$153,017.

- Events positive variance of \$148,499 is savings of \$4,770 in the Hiking Center and \$55,308 savings for Day Camp operations, with the balance being timing in spend.

Year-to-date revenues are at a positive variance of \$6,380,571 and expenses a positive variance \$1,440,630 resulting in an ending cash balance of \$27,436,050 on a budget of \$16,386,928.

Year End Forecast Revenues increased by \$330,769 compared to prior month's forecast. Forecasted Year End Revenues are at \$26,348,000 which is a positive \$5,890,000 to budget.

- Civic and Lodging Civic Assessments increase of \$258,705 is the result in the monthly true up for assessment collections and the increase estimate for July.

- Real Estate Transfer Assessment has been increase by 171,335 for adding an additional home to close in this fiscal year.
- Special Event Revenues negative variance of \$97,825 is the result of July's actuals and re-forecasting August Day Camp revenues.

Year End Expenses had a positive variance to prior forecast of \$251,226.

- \$143,337 additional savings in Activities and Events is the result of reforecasting Hiking Center down by \$4,770 and Day Camp down by \$137,102 in operating expenses for the remainder of the summer.
- Professional Services \$66,412 is the savings from the talent search agreement.
- Public Safety \$42,219 is the parking management fee savings.

Year to Date Capital spend has been \$907,820. Expenditures include \$187,148 for the escalators 1 & 2 rebuild, \$403,521 for the village lighting project, \$73,874 on Beaver Creek Sports deck, \$139,034 on plaza furnishings delivered in June, \$10,809 on Wifi upgrades, and \$30,500 on the Beaver Creek App phase III development, \$40,535 for the ice rink compressor and motor, and \$20,671 on 8 computer replacements.

Year to Date Capital Forecast for FY22 has been reduced by \$203,585 on the strategic initiative projects and rolled into FY23 for these projects.

Year-end cash balance is forecasted at \$21,733,648 which is an increase of \$760,000 from prior month.

9. FY23 Draft Budget Version 1. Ms. Braden-Butz presented the first version of the FY23 Draft Budget. The Budget Committee, comprised of Tim Maher, Bob Boselli, and Peter Dan (who is currently on sabbatical and did not attend all meetings), reviewed the revenue assumptions and met with village operations, transportation, special events, marketing and administration to review their detail budgets. This draft budget is presented for discussion by the full board. A preliminary budget including capital expenditures will be presented at the September board meeting for approval with the final ratification at the annual meeting.

Ms. Braden-Butz, Mr. Clancy, and the Budget Committee have agreed to take a more logical approach vs. conservative approach for revenues by taking the average variance of FY17, FY18, FY19, and FY22 for applicable % increases for FY 23. The Budget Committee has agreed on a \$22,125,000 where the average was \$23,059,000 which is a decrease of 4% for a more logical representation of FY23.

FY23 draft expenses are increasing by 13.3% to \$20,698,000. Currently, the Transportation budget is just an estimate budget number.

The FY23 draft budget projects a positive net income of \$16,452.

Discussion by the board included the finalization of the transportation budget, fluctuation of RETA revenues, occupancy rates, expenses projecting fully staffed departments and the marketing budget reduction. The parking lot revenue, expenses, and sharing agreement was discussed for clarification, along with parking lot enhancements and modernizations.

10. Transportation Contract Update. Mr. Paul Gorbald presented the Transportation Driver Incentive. The Transportation Committee is excited to build off of the success of the 2021 recruiting and hiring season

by continuing to partner with the transportation contracting communities of Beaver Creek (Beaver Creek, Bachelor Gulch, and Arrowhead) to fund both a new hire recruiting bonus and an end of season retention bonus in order to achieve the contracted service levels. Additionally, the success of this program led to a 98% employee retention rate from the 21/22 winter season.

Ms. Guerriero additionally commented about the Vail Resorts recruiting investment of increase pay, mental health support, leadership development, and investment in the HR talent acquisition process has led to increased staff recruiting.

11. Annual Meeting Date and Record Date to Determine Members Entitled to Vote. Mr. Clancy presented the formal request to establish the 2022 Annual Member Meeting Date and Record Date to determine members entitled to vote. Upon motion made by Mr. Boselli and seconded Mr. Nolan, the Board unanimously RESOLVED:

**BEAVER CREEK RESORT COMPANY OF COLORADO
RESOLUTIONS OF THE BOARD OF DIRECTORS
ESTABLISHING 2022 ANNUAL MEMBER MEETING DATE AND RECORD DATE TO
DETERMINE MEMBERS ENTITLED TO VOTE
Board of Directors Meeting August 25, 2022**

RESOLVED, that the 2022 Annual Meeting of Members shall be held in person with a Zoom option at 9:00 a.m. on Thursday, December 8, 2022, with the Annual Meeting of the Board of Directors to follow immediately thereafter;

FURTHER RESOLVED, that October 18, 2022 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 8, 2022;

FURTHER RESOLVED, that October 18, 2022 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 19, 2022.

12. Strategic Initiatives Update. Mr. Huber updated the Board on the notable highlights of the strategic initiatives.

- Scavenger Hunt. Beaudin Interactive was on site August 9 and 10 for two days of play-testing the Scavenger Hunt concept with approximately 25 participants varying in age from 5 to 14. Board was given a packet about the signage packet and placement locations for production to start September 7th.
- Creekside Patio. Following the highly productive Board Work Session held July 27, the project design team has processed the feedback and is preparing materials to show the final concept and estimated costs for the September Board Meeting. The building permit is outstanding but still working on drop dead date for fall completion date. The Park Plaza Association Board has received the updated layout and schedule and initial feedback has been positive.
- Clocktower Projection and Market Square. The *Market Square Association Board has approved the request to project the Clock Tower on a nightly basis*. Their conditions included assurance of no light intrusion into residential windows and that the imagery is of a high quality. Both criteria

have been considered from the beginning and will not be an issue. Procurement of equipment and creative content has begun.

- Village Lighting Project. Several of the Village Lighting sub-projects have seen major progress. Much of the concept development is complete for these projects and we are in the process of consolidating pricing for an overall view of the financial roll-up to determine next. There is some risk in the Village Lamp Post Upgrades and is unlikely to be complete by mid-November as planned. The manufacturer of our current fixtures, ELA, is not proving to be a strong partner in this project and unable to produce retrofits or new fixtures that meet our needs. Alternate manufactures have been engaged and many intriguing new options are being tested, however *the lead time for an order of our magnitude may push this installation further into the winter. Spring may be considered if installation is found to be too intrusive to occur during the busy winter season.*

13. Design Review Update. Mr. Hearn presented the June/July 22 Status Report which were an average rate of submittals. Homeowner fire mitigation applications are processed in a timely manner. Mr. Clancy asked about joint fire mitigation components of new landscaping and Mr. Hearn recommends two separate applications. Mr. Hearn says that there is a vacant spot on the DRB BOD and will need to be nominated. Mr. Clancy will work with BCRC Board and BCPOA for email nomination process.

Upon discussion and motion made by Mr. Donohue and seconded Mr. Metz by, the Board unanimously approved the nomination of Jay Ahuja contingent that Bruce Kiely verify that Mr. Ahuja is the BCPOA nomination.

14. Public Safety Report. Mr. Kenny reported increases in bear incidences, criminal activity, and resort violations primarily due to trash regulations on July 8. Decrease in noise complaints and suspicious activity. There was discussion about the parking congestion at the tennis courts because of the new pickle ball courts and Mr. Kenny says that increased patrols will help with curtailing parking violations.

15. New Business. Mr. Maher asked why the Market and Liquor store are closed and it was stated because there is a new tenant who is remodeling the space and will be reopened by winter season. Ms. Guerriero stated that the remodel might be delayed but there will be a market come winter.

Mr. Boselli stated that he connected with VR retail to bring them into the connection of the village.

16. Adjourn. With no further business to come before the board and upon motion made by Mr. Maher, seconded by Mr. Metz and unanimously approved, the meeting adjourned at 12:01pm.

A. Minutes of the BCRC Board of Directors Meeting July 21, 2022

B. Financial Report July 31, 2022