

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
BEAVER CREEK RESORT COMPANY OF COLORADO
SEPTEMBER 22, 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, September 22, 2022.

Ms. Nadia Guerriero called the meeting to order at 9:00 a.m. Mr. Jim 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
Phil Metz	Brian Nolan
Tim Maher	John Dawsey via Zoom
Jim Donohue via Zoom	Peter Dann

Representing the Company were Jim Clancy, Executive Director; Karen Braden-Butz, Treasurer; Erin Jarvis, Secretary; Clint Huber, Director of Strategic Initiatives.

Attendance in Public Session:

Mac Slingerland Beaver Creek Metro District
Chris Romer- Vail Valley Partnership
Owen Hutchinson- VPAC
Lee Hoover- Beaver Creek Village Operations
Koby Kenny- Beaver Creek Public Safety
Paul Gorbald- Beaver Creek Transportation
Krista DeHerrera-Beaver Creek Resort Company
Jerry Hensel - Base Area Operations

Attending via Zoom:

Bill Simmons- Beaver Creek Metro District
Inno Martino- Beaver Creek Resort Company
Lauren Barotz- Vail Resorts Marketing
Jeff Werkheiser- Vail Resorts Marketing
Sam Hearn- Design Review Board

2. Public Comment. Mr. Clancy introduced Erin Jarvis as Beaver Creek Resort Company’s new Director of Administration. She appreciated the intro and looks forward to working with the BOD.

Mr. Clancy gave notice that there was an addition to the agenda under new business where Vail Resorts Marketing team would be doing a presentation on the winter marketing plan. In addition the DRB report was distributed to the group as it wasn’t received prior to the board book.

Mr. Luker shared that there was a serious injury with an Old Growth Tree crew member. Metro District and Fire Department responded in a very timely manner. Ms. Guerriero commented that it will be an OSHA reportable incident with Old Growth. Praise was given to the Metro District for their fast response.

3. Minutes of the Beaver Creek Resort Company Board Meeting August 25, 2022. Mr. Nolan had asked for clarification on the Vail Valley Foundation funding request and it was confirmed that it would be an

annual request each year and not an assumed annual contribution. Mr. Clancy confirmed that the VVF would have to present a contract every year so the approval will happen annually. Correction to the EGE Air Alliance Funding motion to remove Ms. Guerriero from the motion and change it to Mr. Nolan and seconded by Mr. Metz.

Upon motion made by Mr. Nolan and seconded by Mr. Metz, the Board unanimously approved the minutes of the Board Meeting held August 25, 2022 as corrected. The minutes are attached as Exhibit A.

4. Vail Valley Partnership Group Sales & Economic Development Funding Requests. Chris Romer presented on the Vail Valley Partnership and the work that they do through group sales and economic development. Vail Valley Partnership direct sales staff to ensure the destination has representation in the group & meeting market, maintains relationships with the lodging community, and works collaboratively with the entire Beaver Creek lodging community on group marketing efforts. 2022 support: \$35,000 / 2023 request: \$48,500. The Economic development funding supports business retention programming and one-stop-shop resources for the business community with community data and economic profiles. This also supports prospective Beaver Creek businesses with economic data and community demographics. 2022 support: \$7,500 / 2023 request: \$8,500. Vail Valley Works efforts are providing leadership trainings and programs to support professional growth in the community and retain the workforce that is here. These efforts are included in the Economic Development request.

Mr. Luker asked about the VVP's involvement in workforce housing projects. Mr. Romer explained that workforce housing is their number one priority and support many efforts on the federal, state, and local levels for advocacy.

Mr. Luker asked about the staffing levels of the group sales office. Mr. Romer stated that there is a full time position with two staff members in support to help the lodging community with the brand message of Beaver Creek. Mr. Nolan discussed how Mr. Romer was a part of a small group that went to Washington DC to support visa programs that have met their caps faster than ever.

Mr. Nolan asked about the possibility of breakdowns on sales taxes between different town entities in the county. Mr. Clancy will work with Ms. Braden-Butz and Mr. Romer on the BC portion of sales taxes.

Upon motion made by Mr. Metz and seconded by Mr. Nolan, Mr. Dawsey abstained. The Board unanimously approved the Vail Valley Partnership's funding request of \$48,500 for Group Sales and \$8,500 for Economic Development.

5. Financial Report August 31, 2022. Ms. Braden-Butz reviewed the financial statements for the month ending August 31, 2022, which are attached as Exhibit B.

Revenues resulted in a positive variance to budget of \$83,146.

- Civic and Lodging Civic Assessments has been estimated at 45% above budget due to ADR at a 7% increase over prior year and a continued strong occupancy averaging at 55% for the month.
- Real Estate Transfer Assessments resulted in a minimum positive variance of \$2,349. August sales resulted in 17 intervals and 4 condos on a budget of 5 intervals, 6 condos and 1 home. The average sale price for the 3 condos is \$2,264,315 vs. the average sales price budgeted at \$1,675,118.
- Special Event Revenue's negative variance of \$123,802; \$71,512 is the result canceling the Wine and Spirits grand tasting event and \$28,000 negative variance to

budget for Day Camp revenues. \$21,000 was timing in receipts for the Art Festival and Zusammen Sponsorship both transacted in July.

Expenses resulted in a positive variance to budget of \$93,298

- Activities & Events savings of \$309,534 due to the canceling of the Wine and Spirits grand tasting event.
- Marketing & PR negative variance of \$144,000 due to timing in Open Space production expense.
- Property Maintenance negative variance of \$86,169; \$32,000 in management fee of which an increase of \$36,186 was re-forecasted with VR's wage increase, \$25,751 timing in bi-annual ski-way maintenance, timing in spend of \$15,000 for Striping Big Bear Lot, Wolf Lot Sealing, unbudgeted \$2,079 contribution to BCMD for skier drop off efficiency projects, \$7,400 in escalator #7 and #8 for damage caused by debris dropped onto the steps while running and unable to identify the party who caused this damage.
- Public Safety negative variance of \$45,727 in management fee of which \$52,867 was re-forecasted with VR's summer wage increase, but parking staff came in under forecast.

Year to Date results are revenues at a positive variance of \$6,541,897 and expenses a positive variance \$1,533,928 to budget, resulting in an ending cash balance of \$26,799,739 on a budget of \$15,250,691.

The following is an update of the year end forecast compared to the last month's forecast:

Revenues increased by \$304,178 compared to prior month's forecast.

- Civic and Lodging Civic Assessments increase of \$212,738 is the result in the monthly true up for assessment collections and the increase estimate for August.
- Mountain Recreation Assessment increase by \$69,642 the result of a favorable summer revenues compared to budget.
- Real Estate Transfer Assessment has been increased by \$64,916 resulting in a true up to last month's estimate of 4 condos and 1 home to close by Sept 30th.
- Special Event Revenues negative variance of \$53,304 is the result of August actuals negative revenue for Wine and Spirits, Day Camp and Hiking Center offset by increasing Oktoberfest by \$40,290.

Expenses has a positive variance to prior forecast of \$798,126.

- Activities and Events \$422,990 positive variance results from canceling Wine and Spirits grand tasting event for \$303,784; Zusammen savings of \$32,410, forecasting savings for Oktoberfest spend by \$90,056.
- Professional Services negative variance of \$24,729 is adding the cost for Host Compliance short term address list.
- Public Safety positive variance of \$278,321 is the result of moving the wildland mitigation forecasted expense of \$259,250 to Land Improvement Capital and \$18,645 savings in the parking management agreement fees.

Capital forecast and spend update:

- \$1,042,460 has been spent on capital through August. Expenditures include:
 - \$494,073 village lighting project
 - \$86,132 Beaver Creek sports deck
 - \$7,000 Creekside Park
 - \$187,148 for the escalators 1 & 2 rebuild

- \$139,034 plaza furnishings
 - \$10,809 Wifi upgrades
 - \$30,500 on the Beaver Creek App phase III development
 - \$48,770 for the ice rink compressor and motor
 - \$21,661 eight computer replacements
 - \$15,605 holiday lights
 - \$1,730 special event equipment
- Capital forecast for FY22 has been increased by \$75,466 compared to the prior month's forecast. Projects completed or found not required to complete were landscape replacement and the balance for Phase III of the BC App totaling \$24,500. Projects moved to FY23; Boom Lift \$35,000 and the Ice Rink compressor and motor replacement will be completed in October totaling \$86,346. Added to the FY22 capital is the wildland mitigation of \$221,116 that has been completed this fiscal year.

Year-end cash balance is forecasted at \$22,754,737 on a budget of \$14,491,011 and increase of \$997,167 from the prior month's forecast.

Mr. Luker asked about the difference between the month end forecast vs the year end forecast and why there is negative variance of 600k in the cash flow. Ms. Braden-Butz would have to investigate as to what those specific expenses are and get back to Mr. Luker. Ms. Guerriero commented that mountain recreation operations drop down to weekends and quieter visitations.

Mr. Nolan stated that he would like to work with Mr. Clancy on a cleaner snapshot of F&B and Retail reporting to compare year over year performance. Vail has something called the Apples to Apples report which pulls out certain big events that could skew YOY metrics. It is a better report to show how F&B is performing vs the group business in the village.

6. Approve FY23 Interim Budget. Ms. Braden-Butz presented the second version of the FY23 Draft Budget.

Revenue increase of \$154,500 from v1:

- Budgeted Event Sponsorships at \$51,500 is made up of adding \$24,000 in sponsorship and increased revenues due to successful events.
- Pay Parking Revenue assumption is to collect the parking fee on the way into the lot vs. the way out which would capture more revenue and decreasing labor. With new card readers on the replacement calendar, the new readers for the drive in readers will not be an increased expense.

Expense increase of \$102,696:

- Marketing & Public Relations positive adjustment of \$50,000 for reducing the Group Sales outreach for off season business. The balance in the budget for this effort is \$45,000 for the year.
- Transportation negative adjustment is the result of receiving the Exhibits from BCMD for the service rates and hours. Included in this budget is \$150,000 incentive bonus for drivers.
- Property Maintenance positive adjustment of \$89,184 is the reduction to the management fee by 1½ employee making \$20/hour at 2,080 hours plus burden and fee.
- Public Safety positive adjustment of \$302,358 is the result of moving the Wildland Fire Mitigation of \$212,000 to capitalize as a Land Improvement and a reduction to management fee for 1½ employee making \$20/hour at 2,080 hours plus burden and fee.

- Membership negative variance of \$11,000 is the addition of \$10,000 for Vail Valley Partnership Groups/Meeting efforts and \$1,000 Economic Development Council.

In summary the net income increased from \$16,452 to \$68,256. The ending reserve balance decreased \$185,288 from \$17,228,050 to \$17,042,762.

Discussion about the parking lot payment being credit card only for entry and the exit will be automatically open and that the lot will remain free after 1pm. Mr. Nolan mentioned that there is better technology for the parking structures especially with the requirements for holding spaces for homeowners. Mr. Kenny stated that his department has received proposals and that the lower lot gate upgrade was \$82,000 but that it was scheduled to be upgraded anyways. Mr. Luker stated that there was a negative revenue for parking in FY22 but that there should be positive revenue in FY23 with the changes implemented.

Mr. Metz discussed his concern about the decrease in Marketing and Special Events budgets which are significant to the economic vitality for the community. There will be a Marketing Committee meeting to discuss the Vail Resorts marketing proposals and the BCRC high net-worth marketing plans. Discussion followed about how to best highlight all the improvements happening in Beaver Creek to keep it a high net-worth resort. Net Promotor Scores need to be analyzed and improvements implemented where there are opportunities called out.

Discussion about the transportation budget and being fully staffed on drivers is key to that line item being correct and to fulfill service levels.

Discussion about the expense increases are primarily driven by wage increases and investing in the employees to keep the resort operating. Ms. Guerriero mentioned that the revenues are largely brought by assessments and increased summer occupancy and increased ADR in the lodges from the winter.

Mr. Luker wanted to thank Ms. Braden-Butz for all her efforts in preparing the budget.

Upon discussion and motion made by Mr. Luker and seconded Mr. Maher, the Board unanimously approved the Interim Fiscal Year 2023 Budget v2.

7. FY23 Preliminary Capital Plan Review. Ms. Braden-Butz presented the list of potential capital projects for FY23. The Strategic Capital projects are a direct result of the *Beaver Creek Inspire* vision plan, which include:

- **Lighting projects** in 2022 remain on track including BCRC funded projects, building modernization, and DRB guideline updates. The 2023 plan includes \$1,879,589 for completion of phase 1 and phase 2. Phase 3 will take place in 2024 and beyond.
- **Creekside Patio** design and permitting were complete in 2022. The 2023 Capital Plan includes \$1,418,000 to complete the construction this fall and in the spring of 2023.
- **Creekside Park Playground** preliminary designs was initiated in 2022. The capital plan for \$1,588,000 for 2023 includes playground design and installation as well as landscaping improvements. A second phase of this project will include as new structure in 2024.
- **Kids/Teen Space** – The 2023 budget of \$859,000 includes design concepts for Landing Mercantile space with improvements slated for completion in the spring the 2023 and opening the space in summer 2023.
- **New/Upgraded Base Area Activities** includes a budget of \$525,000 for enhanced activities at the bottom of the Centennial Express. This project will start in 2023 and will continue through 2024 and 2025.

- **Lawn Activation** – this increased activation of the lawn area in front of Powder 8 and Children’s Ski School. This includes a first phase in 2023 investment of \$200,000 and a second phase in 2024.
- **Sound System upgrades** are budgeted for \$25,000 and projected to be complete in 2023.
- **Accessibility / ADA Planning** - \$14,000 in planning expense are budgeted for 2023 in anticipation of improvements taking place in 2024.

Maintenance capital projects include: ongoing investments into the community, such as plaza furnishings and amenities, improvements to the Powder 8 deck snowmelt system, silk flower replacements, holiday décor, ice rink matting replacement (last replaced in 2015), summer turf for the ice rink and drainage solution for summer activation. Staff will research options to improve DRB automation and there is a placeholder in the FY23 capital budget.

The Maintenance Capital proposal includes a \$50,000 contingency that would be utilized if needed and as directed by the Executive Director.

Mr. Maher commented about the Creekside Park Playground and asked where the dollar amount is coming from since there hasn’t been any details or drawings yet. Mr. Huber stated he has started the vetting process for the vendors to create a master plan for the space with a few options for the BOD to consider this winter in order start construction in spring 2023.

Discussion was held about the improved activities and renovations of the Base Area Activities space and the partnership with Vail Resorts on that land.

Discussion about the Teen Space and a lease for spring of 2023 with a potential expansion to the space based on master plan development and budgets.

Mr. Huber confirmed that these budgets are placeholders for the projects. Further budget presentations and investigative work and plans presented to the Board must happen before money is spent.

8. 2023 Board of Director’s Meeting Dates. Mr. Clancy presented proposed dates for BCRC Board Meetings. Upon motion made by Mr. Metz and seconded by Mr. Maher, the BCRC Meeting Dates for 2023 were approved as:

- January 26, 2023
- February 23, 2023 (if necessary)
- March 23, 2023
- April 20, 2023 (if necessary)
- May 25, 2023
- June 22, 2023 (if necessary)
- July 27, 2023
- August 24, 2023
- September 28, 2023
- October 26, 2023 (if necessary)
- December 7, 2023 (This is a Thursday) Annual Member meeting and Annual BOD meeting

9. Design Review Board Appointments FY23. Mr. Clancy presented the recommended appointments to the Design Review Board for FY23. Upon motion made by Mr. Nolan and seconded by Mr. Luker, the Board unanimously:

RESOLVED, that the following individuals are appointed as members of the Company's Design Review Board to serve for a period expiring September 30, 2023 or until their successors have been duly qualified and appointed: Jay Ahuja, Bonnie Vogt, Ludwig Kurz, and Brent Alm.

10. Strategic Initiatives Updates. Mr. Huber updated the Board on the notable highlights of the strategic initiatives.

- Creekside Patio is planning to break ground before September 29th on the Board approved layout and design. The new concept include the terraced steps and radial wooden benches with two new fire pits. There is potential for cafe seating if this space ever becomes an F&B outlet.
Landscaping options were discussed in order to optimize seating capacities while including the natural beauty. The large Pine will remain and the fire pits are gas lined to the Park Plaza.
During the fall construction, all the infrastructure will be complete including: electrical, gas lines, snowmelt piping without manifold connection, pavers and concrete steps poured. Northside steps were removed from the fall plan until a new option can be proposed for Eagle County approval.
- Scavenger Hunt Details of the Scavenger Hunt collateral (puzzles, signs, kits/handouts, etc.) have been finalized and are headed into production.
Project focus now turns to fulfillment (hotel front desks, guest services, etc.) and rollout communication. On track for rollout prior to the resort's winter opening day.
- Lighting Projects day: The following lighting projects are on track to be complete prior to the resort's winter opening day:
 - Clock Tower projection
 - Improvements to the St. James water fountain lighting and fountain programming
 - Improvements to Frost Flower lighting
 - Installation of standardized timers for primary Village lighting fixtures

The following projects remain ongoing, independent of the resort's winter opening day:

- Upgraded lamp post fixtures
- Improvements to remaining Wonder project lighting (Reflections, Snowed In, Super G)
- Building lighting design (currently working on Village Hall, Hyatt, Market Square, Beaver Creek Lodge).

11. Vail Resorts Marketing Update. Ms. Barotz and Mr. Werkheiser from Vail Resorts Marketing, presented on the 22/23 Winter Marketing update.

Beaver Creek winter bookings are pacing well for the peak periods. Thanksgiving is ahead of last year and the Holiday timeframe in rebounding well. Economic factors are contributing to shorter booking windows.

Beaver Creek marketing strategy is a five year focus for returned visitation through attracting new guest and knowing who they are and driving emotional connections to BC with curated guest experience through improved village enhancements.

The marketing plan includes: Robust 360 channel investments and measurement plans to drive guest impact on their decision making journey. Capture attention of the traveler with paid media. Trip planning investment and drive to the lodging and lessons websites. Booking the travel leads to the guest experience while in the resort and then providing the guests with season ending media for rebooking.

VR Marketing will perform a Brand Assessment of the brand vision and pillars to make sure it's meeting the luxury traveler expectations. The improved brand campaign will relaunch of 23/24 winter season as multiyear investment.

The VR Marketing team is committed to attend Marketing and Events Committee meetings to talk about plans and campaign performance, attend Board meetings every quarter to present performance updates, and bi-weekly meetings with Beaver Creek marketing teams and Beaver Creek Resort Company staff.

Mr. Metz asked if the Brand Assessment results would be shared with the Board for cross-season benefits. Ms. Barotz said her team would share and collaborate with the Marketing Committee specifically along with the KPIs that would drive the new creative platform. Mr. Clancy said this information will be helpful to drive and align the summer marketing efforts with BCRC events. The marketing plan is still in its infancy and will be defined further in the Marketing Committee meetings.

Mr. Nolan commented that there had been a shift from over scrutinizing marketing details to being less understanding of the details. This has led to the Board not knowing where the marketing dollars are being spent and it is the Board's duty to understand this. Mr. Werkheiser says that there is an opportunity to find a happy medium to have more clarity on what VR Marketing is doing for Beaver Creek including the channels and spend behind campaigns.

Mr. Dann commented that there should be a dedicated marketing person for Beaver Creek and believes one resort is enough work for one person. This hasn't happened since pre-pandemic due to restructuring. Mr. Luker stated that in the Management Agreement, VR is obligated to present a plan to the Board and they have to evaluate and approve annually. The Board needs to know what the budget money is being spent on. Ms. Guerriero stated that there are dedicated resources and personnel specific to Beaver and Mr. Clancy said he'll bring that organization chart to the Marketing Committee.

12. Design Review Update. Mr. Hearn presented the DRB Activities report for September 2022. He stated that September saw higher submittal activity than June and July, primarily led by fire mitigation approvals. Mr. Hearn requests that the language in the fire mitigation application be changed from "professional" to only Eagle County or Eagle River Water as plan preparers. This will help prevent landscapers preparing these plans and have view corridor tree removal added in. A 30 day grace period on applications would be fair. The DRB is still searching and interviewing architects for their BOD.

Upon discussion and motion made by Mr. Luker and seconded Mr. Dann, the Board unanimously approved the language in the DRB fire mitigation application to be changed from "professionals" to the two approved county fire entities in order to waive the application fee.

13. Public Safety Report. Mr. Kenny presented the Public Safety Summary for August. Medical calls were up year over year but there was no significant trend that caused this. Resort violations were down from prior year due to decrease in trash violations. Criminal activity saw an increase but he says that change is from how dispatch has been inputting calls. There has been a managerial change in Public Safety as Mr. Kerst is stepping down and Jen Oberlohr has been hired as the new manager. She will oversee public safety and the common consumption area.

Mr. Luker has stated that the signage at the main gate needs to be improved as there are cars following cars with owner transponders or they are getting stuck at the gate and have to reverse. Mr. Kenny will look into the signage.

14. New Business. Mr. Nolan wanted to thank everyone for their support on the sister resort visit. Paul and Skip helped with their transportation needs, Herb at the Hyatt for lodging, and Bob Boselli with gift cards to his stores for Beaver Creek goods. Ms. Guerriero thanked Mr. Nolan for all of his hard work in hosting these Lech members

The Vail Ski Club and Arlberg Ski club have agreed to an exchange this year. Blue Moose will host the lunches.

Mr. Luker thanked the events team for such a successful Oktoberfest event.

Mr. Nolan would like to have an agenda item about BCRC's donation policies. Mr. Clancy will add to the next meeting agenda.

Mr. Luker asked about the annual meeting process and Ms. Jarvis explained that the Call for Candidates are in production and will be mailed out within the week.

14. Adjourn. With no further business to come before the board and upon motion made by Mr. Nolan, seconded by Mr. Dann and unanimously approved, the meeting adjourned at 11:55 a.m.

Respectfully submitted,

Erin Jarvis

LIST OF EXHIBITS
BOARD OF DIRECTORS MEETING
BEAVER CREEK RESORT COMPANY OF COLORADO
September 22, 2022

- A. Minutes of the BCRC Board of Directors Meeting August 25, 2022
- B. Financial Report August 31, 2022