MINUTES OF THE

BOARD OF DIRECTORS MEETING OF

BEAVER CREEK RESORT COMPANY OF COLORADO

March 28, 2024

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, March 28, 2024.

Mr. Bobby Murphy called the meeting to order at 8:00am. Erin Jarvis 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:

Bobby Murphy John Dawsey

Phil Metz Jeff Luker

Mike Trueblood Peter Dann

Bob Boselli-zoom Brian Nolan

Representing the Company were Jim Clancy, Executive Director, Karen Braden-Butz, Treasurer and Erin Jarvis, Secretary.

Attendance in Public Session:

|  |  |
| --- | --- |
| Clint Huber - BCRCKrista DeHerrera - BCRCLaura Dziadosz – BCRC Jerry Hensel - Village Operations Amy Bamford - Vail Resorts RetailKoby Kenny – BC Public SafetyDave Eickholt - BC Metro DistrictSam Hearn-BC DRB | Cameron Morgan - VPACLee Hoover – Resort OperationsBill Simmons- BCMD -zoomAlison Buhler - BCRC-zoomMatt Tetef - VRRMichael Calpakis – BCRC-zoomChris Howe -zoomDarwin McCutcheon - zoom |

1. Public Comment. Dave Eickholt, representing Eagle Valley Transit Authority gave an update from the winter. BC-Vail Express route saw 38,000 rides given in January and 33,000 rides in February. Data collection is the priority at the moment for ridership details. Staring May 19th, fare free transit will start region wide, except for routes to/from Gypsum. Mr. Eickholt noted that this is a “Beta Test” so there is a possibility it may not be permanent, though it is the intended operating model going forward.

2. Minutes of the Beaver Creek Resort Company Board Meeting February 22, 2024. Upon motion made by Mr. Dawsey and seconded by Mr. Luker, it was unanimous.

 **RESOLVED** to approve the minutes of the February 22, 2024.

These minutes are attached as Exhibit A.

3. DRB Mr. Hearn updated the BOD on DRB submittals. He stated there are increased requests for variances to do interior work over holidays and weekends by contractors. This has led to abuse with contractors and confusion with the gate staff to manage. Staff will review the processes with DRB and with Rules and Regulation Committee for further guidance. There are times where work on weekends is critical to complete a project in the village prior to opening for the winter season, so variances can make sense in certain cases. Mr. Luker mentioned there was recent construction vehicle street parking violations on Holden Rd. Mr. Hearn will follow up with the contractor and Public Safety about his job site.

4. Public Safety Report. Mr. Kenny presented the public safety report which saw increased boot and tow orders. He stated this is due to additional enforcement from the new traffic control officer and overnight parking violations in the surface lots. Construction violations were up YOY due to contractors trying to work over holidays and committing parking violations. Criminal activity saw an increase due to a person stealing equipment in the village which with the help of Eagle County was caught. Parking in the lower lots saw 3100 fewer vehicles which was attributed to BOP World Cup Race cancelations and fewer non-skiing employees from Avon parking in the lots. 4200 more paying vehicles were recorded, which increased the capture rate to 97.5% from 84.5% in the PY. The lots were full 9 days this winter.

5. Transportation Report. Mr. Gorbold presented the transportation report. February results encapsulated both Talons Challenge and Presidents Weekend. More effort has been made with drivers to capture accurate headcount. For the first time, February actual hours exceeded budget hours. This led to exceeding service standards where96% of On Demand rides were completed from request to pickup in 20 minutes or less. Mr. Trueblood commended the 1.3minute decrease in wait time from 8.4 min. to 7.1 min. compared to prior year. Mr. Clancy asked about hiring retention projections and Mr. Gorbold said there was significant interest due to hourly incentive funds for their intention to return next winter.

6. Event Report. Ms. Deherrera gave a report on the event department. Blues Brews & BBQ has booked eleven food vendors, two snack vendors and six merchandise vendors. This year will have a new demo stage by the ticket office and there will be two draft trailers. VIP sales are live with tickets sold for BB&B and Oktoberfest already. Marketing campaigns will begin on May 1st.

Spring Break and summer village activations will be handled by Laura Dziadosz. Saturday night music activations will now be called Colorado Showcase with Colorado specific music offering a more robust experience. Mr. Clancy mentioned that the budget for this new Colorado Showcase will be vetted by the Events Committee which will then propose the recommended budget to the Finance Committee. Mr. Luker reaffirmed the support for this new music series after the success of BC Unplugged. Mr. Nolan mentioned there might be an issue with Saturday night engagement from the community. Mr. Dann asked about the marketing budget for these events and Mr. Metz said we are underfunded against our competition. Conversation about the future of marketing budgets and strategic plans ensued.

7. Marketing Update. Mr. Clancy provided a marketing report. The committee met and was provided updates from Vail Resorts and Open Space. VR gave an update on the creative platform work but they didn’t provide any content. However, they anticipate it being ready at the May 8th meeting. The net promoter score was very strong and the skier visit gap is closing the variance to budget. Destination guest visitation is down YOY. Signature Events support will have increased exposure in the VR email blasts. VR is working on BC Unplugged lodging specials for Thursday nights.

Open Space summer marketing plan was reviewed with specifics on the geographical territories being targeted and discussions about what is the best strategy for growth in new markets. A new modernized approach was reviewed in PR and Social campaigns where media budget has been reallocated to this strategy. Mr. Trueblood asked about the progression of the Short-Term to Long-Term culinary strategy. Mr. Huber said it was a top priority for Economic Development and the Short-Term work to be done this summer helps to build an umbrella of branding. The Short-Term work will focus on a situational analysis, market research, concept research and gap analysis with results to be ready in September. This comes via partnership with all the community restaurants and setting a culinary identity.

Ms. Deherrera and the BOD commented that the responsiveness from VR is much improved with website update requests and support. Mr. Clancy will get meet with Mr. Metz and Mr. Huber to establish a framework to analyze the strategic priorities and guide of where the marketing budget and investments can best be utilized.

9. Rules and Regulations. Ms. Jarvis reviewed the Civic Assessment collection analysis and overview of the bylaw exemption. The depth of and interest in the project is much broader across the village retailers than anticipated. The R&R committee suggests there be a subcommittee created to of retailers, landlords and homeowners to find a creative solution to this assessment project.

The document update capture and review process is well underway. Consultation with Granicus, who is the same provider of Host Compliance short term rental software, has taken place for an organization solution. This would be a website that blends a government entity record retention platform with a Homeowner Association platform to best suite our needs. Further meetings with the developers will continue so they can create a product for BCRC.

Through this document work, the required CCIOA Reasonable Governance policies need to be created and adopted by the BOD. Board counsel Garfield and Hecht will create these documents to bring BCRC into compliance. These documents will pertain to enforcement strategies and be edited into all the current Rules and Regulations for HB23-1137 compliance.

Short Term Rental licensing language on the Business License form has been added for more clarity.

Merchant Display dates were reviewed with the guidance given at the previous meeting and further historical review. The calendar was reviewed and noted that the fall dates are separated from the lift closure. Mr. Luker asked if Birds of Prey has always been allowed, and it was confirmed that is has been allowed. The amount of activation and perceived lack of space when displays are allowed during events will be reviewed this year for further recommendations next year. Upon motion made by Mr. Nolan and seconded by Mr. Luker, it was unanimously.

 **RESOLVED** to approve the 2024 Merchant Display Dates.

Mr. Luker brought up the topic about bike racks being appropriately put around the village and concerns about E-bike speed safety on the walking path. The Metro District is the authority on the path. During the discussion there were points raised about the path not allowing motorized vehicles. E Bikes can create additional questions about how to regulate because while electrically assisted, Class 1 and Class 2 E bikes are not legally recognized as motorized vehicles. Communication about safety and further discussion with the Metro District on improvements are key. There was consensus that Beaver Creek should strive to be a better biking community.

Mr. Clancy updated the BOD on the new modules added to the Host Compliance Short Term Rental (STR) platform. During the Colorado Legislation Session, two STR bills introduced at the committee level, have not advanced to full consideration. The amendments to SB33 have not been made public yet but BCRC will continue to partner with VVP for further updates. Eagle County has not had a working session to discuss their licensing program however contracting has been discussed in executive session. They intend to include us in any work session which they anticipate will be in early May.

10. Escalator Contract Update. Mr. Clancy updated the BOD on the work done for the contract negotiations with Schindler Elevators. The quote to replace escalators #3 & #4 mechanical components of the escalators is $587,000. This work is planned for the fall of 2024 which is consistent with the reserve study and includes a parts inventory for escalators #1-#8. A second quote of $53,000 to establish a parts inventory for escalators #9-#12 by the Park Hyatt was proposed. A third quote to establish cellular communication for shutdown reasons and data for $300/month was reviewed. The periodic maintenance process of extensive cleaning taking place will be heavily tracked by Jerry Hensel. Mr. Murphy stated that with the age of the escalators, it is important to be proactive in the repairs and maintenance. Upon motion made by Mr. Trueblood and seconded by Mr. Dann, it was unanimously.

 **RESOLVED** to approve the three Schindler Elevator proposals as presented.

11. Financial Report. Ms. Braden-Butz provided the operating results ending January 31st which can be found attached as Exhibit B.

* Revenues through January 31st are favorable to budget by $874,993 a positive 10.2% to budget, mainly due to YTD Mtn Rec and RETA, which were a combined favorable just under $775,000. A negative variance in Business Licenses and Hawk’s Nest Cabin was reported.
* Mountain Rec YTD is at a positive 28.9% to budget, but only 2% ahead of last year at this time.
	+ A quick explanation and reminder on how this budget was planned was to budget conservatively at 5% below prior year’s total and the monthly spread is weighted by the past 5 years. Therefore the positive variance seems more extreme thru January then the overall budget plan which is now forecasted to exceed prior year by 4%.
	+ February’s Mtn. Rec submission received this past week is looking favorable to budget leading to a hopeful strong finish in this revenue category and now forecasted at a positive 10% to budget.
* RETA is favorable by $164,000 to budget YTD. Looking ahead at Mar & April we have forecasted additional properties that are expected to close which should increase this margin by $444,036 or a positive 11% to budget.
* Civic and Civic Lodging is slightly below the YTD Budget at -.5%.
	+ On a positive note the unreconciled Feb assessments reported are currently at a positive $86K to budget. (*$1.802M on a budget of $1.716M)*

Another revenue item worth pointing out is Pay Parking Revenue. Results are positive as a result of the new system requiring guests to pay upon entering, which increases parking revenue capture. Revenue is positive YTD to budget by $36,127.

* Expenses through January 31st are favorable to budget by $238,155 due to positive variances in Admin, Events, Transportation, as well as Management Fee for Property Maintenance and Public Safety due to open positions.
* The updated forecast for revenues is a positive $1,035,000 variance to budget, excluding Alpine Wealth Investment forecast positive variance of $192,495, with the majority of this coming from Mountain Rec and RETA, already discussed, offset by material negative variances for Events and Hawk’s Nest.
* Updated forecast for expenses is a negative $74,146 variance to budget with the material negative variances in Professional Services and Transportation, offset by the majority of all other departments seeing a positive year end forecast.

The new forecast for Net Excess Revenues(Expenditures) also excluding Alpine Wealth Investments is a positive $1,134,000 on a budget of $24,676,000.

With the forecasted capital spend of $4,872,000, the ending cash balance, which includes the Alpine Wealth Investments, is a negative variance to budget by $164,615.

Mr. Trueblood ask for clarification on the Mountain Recreation Civic Assessment forecast where there isn’t insight on that line item like there is on RETA due to real estate listings. Mr. Nolan asked for clarification on group business F&B on properties who have lodging and restaurant operations. Being able to take out group and wedding revenue would help restaurants with a clearer picture of business in the village. Parking revenue only comes from surface lots, not garage parking.

Recommendation from the Finance Committee is to invest money that is maturing on March 31st into an 18 month Treasury bond. The analysis shows this as a balanced approach with three more bonds maturing in June and September and cash flow will not be impacted.BOD conversation about future capital project needs ensued. Upon motion made by Mr. Metz and seconded by Mr. Nolan, it was unanimously.

 **RESOLVED** to approve the investment of $2,950,000 maturing on 3/31/24 into a US Treasury note for 18-months at a projected yield of 4.8%

12. Strategic Initiatives Update. Mr. Huber reviewed the Creekside Park updates. A robust communication plan has been created for community property manager to update ownership on the project. Information will be included on the *Inspire* website, BCPOA newsletters and on-site meetings every Thursday. The project will break ground on April 15th. RA Nelson was able to reduce their quote from $3.4M to $2.3M, driving a $400k increase to the contractor budget. The increase was approved by the Creekside Park Committee and Finance Committee. Upon motion made by Mr. Trueblood and seconded by Mr. Dann, it was unanimous.

 **RESOLVED** to approve the increase the Creekside Park project budget by $400k from $3.8M to $4.2M

Mr. Luker stated there was a meeting with property owners that touched on location of park items, but in consideration of skyways and pathways, this was the best design for the park. Planting concerns will be addressed as construction continues. There is an opportunity to utilize VR’s public relations and communication department for input on crafting the construction notices to be more celebratory about the investment happening in the community.

Hawks Nest Cabin saw a higher participation during spring break with an average of 30-40 participants each day. The redemption rate of the free entry coins has been lower than anticipated. The operations will be adjusted to: Off-season for special events; Friday – Monday of Memorial Day weekend; 7 days a week from June 8th to September 2nd, 2pm-9pm; Open weekends in September. These operating hours are similar to the Collective in Snowmass.

The lighting projects updates were given. Bollard fixture conversations with BC Metro District continue. The BCRC portion of the project is expected to be $200k which was not originally anticipated however with project savings from other projects, a limited request for incremental funds will be submitted upon finalization. Ice Rink vibrancy lighting designs are underway but there will be structural implications since the rink is the roof of the VPAC. Flagpole, parking lot lamp post and Wonders features lighting projects are on track from completion this summer/fall and within budget.

13. New Business. Mr. Clancy stated there was a scheduled meeting with the VR Club team about pickleball court update tomorrow. They are planning on mandating sound mitigating paddles and balls and increasing the height of the short fencing so trespassing should be prevented upon closure. Mr. Hoover updated the BOD on the planned closures of the western slope for the end of season and the employee ski day will include pond skimming. This has damaged grass by the BC Club in the past so discussion on how to mitigate ensured. Turf replacement is not in the budget so Mr. Hoover and Mr. Hensel will look at ways to drain the water to prevent damage.

14. Adjourn. With no further business to come before the board and upon motion made by Mr. Dann and seconded by Mr. Boselli and the Board unanimously

**RESOLVED** to adjourn the public session of the meeting of the Beaver Creek Resort Company Board of Directors held Thursday, March 28, 2024 at 10:48am.

Respectfully submitted,

Erin Jarvis

 Beaver Creek Resort Company

 Secretary

LIST OF EXHIBITS

BOARD OF DIRECTORS MEETING

BEAVER CREEK RESORT COMPANY OF COLORADO

March 28, 2024

1. Minutes of the Beaver Creek Resort Company Board Meeting February 22, 2024
2. Financial Report January 31, 2024