

**MINUTES OF THE AD-HOC SPECIAL MEETING OF THE BOARD OF DIRECTORS
ANTLERS AT VAIL ASSOCIATION
APRIL 8, 2020**

Catherine Michela, President, called to order the Ad-Hoc Special Meeting of the Board of Directors of Antlers at Vail Association at 11:01 am. Other Board members present via Conference bridge were Joe Forish, Lori Radcliffe, Scott Chapman, Jeff Brundage, Susan Hagy Humphrey and Jim Taylor. Also in attendance were Magda King GM; staff members Chris Ratzlaff and Kim Rediker; and consultants Rob LeVine and Randi Davis.

Agenda & Meeting Overview

Catherine Michela advised that the purpose of this meeting was to review the Association's current financial status, reduce risk, and develop a plan for going forward, given the impact of the Covid-19 pandemic and business quarantine. The expectation is that we will have to be flexible with our 2019-2020 budget based on the outside conditions, and there will be a change to the assumptions and strategies for budgeting and planning for the 2020-2021 fiscal year.

Magda King expressed that our regular business model changes on daily basis due to the COVID-19 pandemic. The ski mountain was closed with no notice on March 13th. The Antlers staff can continue working because hotels are considered "essential" businesses, however - per order issued by Colorado Governor Polis - short-term vacation travel, including for second homeowners, is prohibited until April 30, 2020.

Application for Payroll Protection Program

The Antlers foresees no rental income until June at the earliest based on the information from local organizations and assumes that we will be open for rental next fall and winter, but that the booking volume will be down. Upon review of the stimulus package for small businesses presented by the Federal Government, Antlers management determined that the Antlers may be eligible for a Payroll Protection Program (PPP) loan. Magda King and Chris Ratzlaff were in immediate communication with the Antlers' bank and started the application process last week so that we are "in line" for a loan.

A few business continuation options were discussed, to include utilizing a PPP loan to allow for staff employment to continue, but with reduced hours/pay for staff due to reduced rental revenue; forego a PPP loan and implement layoffs of all but 13 employees; a true no-rent operation which would result in reduction in staff to no more than 4 – 5 people.

If the Payroll Protection Plan loan is granted, it is estimated that the Antlers will receive approximately \$300,000 (2 & ½ times our average monthly payroll) and assume that the loan will be forgiven in its entirety. Loan forgiveness will occur provided Antlers uses 75% or more of the loan proceeds for payroll expenses and the rest is used for purposes outlined by the SBA, and that 90% of employees remain on the payroll or are hired back by June 30, 2020.

The Board reviewed the pros & cons of a PPP loan. In looking at the analysis, the ending cash balance for the Association in 6 months is preferable, utilizing the PPP loan vs. implementing layoffs. Whereas the PPP loan provides more 'cushion' regardless of level of rental revenue coming in. In using a PPP loan, Antlers is able to keep staff that is already trained, and that staff will be able to accomplish significant

projects around the property while guests are absent, allowing the Antlers to be fully ready for re-opening when guests are able to travel again to Vail, layoffs would only allow the Association to conserve cash and the property would not be in a strong position for re-opening as it may be difficult to find and re-train employees.

Current Financial Status

Controller Chris Ratzlaff is working diligently with assistance and training from Antlers' former Controller, Randi Davis, to finalize recent months' financial statements.

Board members inquired as to the current status of the Antler's cash flow position, anticipating continued "shutdown" due to the pandemic for the next several months. Chris Ratzlaff noted that cashflow is fine now - we do have enough cash in the bank to get us through until summer - but that we would want to take the PPP loan as soon as it is available if it comes through. Catherine Michela stated that it is very fortunate that the pandemic occurred going into shoulder season rather than at the beginning of the ski season. Magda King mentioned that Antlers did not use the full construction loan, so if needed we can release more of those funds by documenting that some of our construction costs were paid from our regular checking account. The interest rate on the construction loan is 4.5%.

Jeff Brundage stated that in his business experience during national crises, it is best to access as much cash as possible when it is available and keep it in the bank in case things get even more difficult. Susan Hagy Humphrey noted that there seems to be no downside with the PPP loan, and Lori Radcliffe expressed that the PPP loan would be the best option for funding.

Upon a motion by Lori Radcliffe, second by Joe Forish, it was moved and unanimously approved by the Board to move forward with the application for and acceptance of a PPP loan in order to maintain business operations.

The Antlers accounting team will continue to update the cashflow spreadsheet regularly each week, as operations will be dependent in future months on restart of revenue flow.

As of now, no owners have asked for deferrals on payments for Assessments or other expenses.

Other Immediate Needs

The audit of the 2019/2020 fiscal year is scheduled to go on as normal and will start in September. The update to the Reserve Study that was planned for 2020 will be deferred. Regarding lodging operations, through April 30 we are only able to lodge guests who are considered of 'critical importance' to fighting the COVID-19 epidemic. We will abide by local, state, and federal laws, but are currently able to take future reservations without issue.

Magda King advised the BOD that all staff are working as conscientiously as possible, and often are working in different departments to be sure that they remain productive and accomplish necessary tasks for the property. An owner asked Magda to present an idea to the Board, proposing the establishment of a fund to allow owners to donate money toward a staff support. Catherine Michela asked Magda to send a proposal to the Board to include: the purpose of the fund, how decisions will be made on disbursing the funds, and how long the fund will remain in effect.

Summary & Action Items

- Move forward with the Payroll Protection Program loan and keep the Board updated on the status.
- Discuss with Alpine Bank the specifics of the guarantee for construction loan funds to determine how readily available those funds may be.
- Email all owners with details from this Board meeting and the PPP loan so all owners are aware of the remedial actions the Association is taking to address the financial status of the Association.
- Send updated financial statements to the Board as soon as available.
- Provide Board with a description and details of the proposed staff support fund.
- Keep practicing social distancing and stay healthy!

Upon motion, second, and unanimous vote the meeting was adjourned at 11:52 am.