

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
ANTLERS AT VAIL ASSOCIATION
Saturday, December 7, 2019**

Catherine Michela, President of the Board, called the meeting to order at 3:45 pm. Other board members present were Scott Chapman, Joe Forish, Lori Radcliffe, Susan Hagy Humphrey, and Jeff Brundage. Also in attendance were Magda King GM; staff members Ryan Kelsey, Chase Simmons, Dave Collins and Kim Rediker; consultant Rob LeVine; and Taisha Woodyard from the Auditing Firm of McMahan & Associates.

Minutes

The minutes of the September 2, 2019 Meeting of the Board of Directors were reviewed and approved unanimously as presented.

Audit Report

Taisha Woodyard of McMahan & Associates reviewed the draft of the audited 2018-2019 financials. The McMahan & Associates team reported that the Association received a clean, unmodified opinion, which is the highest opinion available and shows that nothing is materially wrong.

Recommendations from the Audit team included: Continued follow up on owner accounts to be sure that we have collected special assessments per schedule; continued focus on segregations of duties and management oversight; review of payroll by General Manager prior to checks being issued; update of employee manual to address compensatory time off for salaried employees; Board adoption of policy regarding employee use of company credit cards to be signed by each staff member with access to a credit card; review and approval of daily cash report by Front Desk Manager prior to submission to Controller for deposit; additional definition of term around “unit maintenance/no charge” for cost that is absorbed by the Association for work/items in unit that are under \$50. The Board unanimously accepted the Audit as presented.

The Board noted that they appreciate the recommendations of McMahan & Associates. From a Board governance perspective, at times immediate changes are not taken based on the recommendations, however, they are taken under advisement, considered on an annual basis, and always kept in mind when making decisions.

Financial Report

Reviewing adjusted totals for 2018-2019, the Association ended the year with a deficit of approximately \$20,000, which was within .5% of budget. In Fiscal Year 2017-2018 there was a surplus of approximately \$130,000 that was held in anticipation of a challenging year based upon

the construction activity. Therefore, operating with an occupancy level that was slightly higher than expected, the short-term rentals resulted in an increase in operating expenses.

Ryan Kelsey reviewed rental program results and noted how difficult it is to offer a product without all facilities in operation, specifically the garage. For winter 2019-2020, rates were increased approximately 5% and as a result December is expected to be one of the best in Antlers history. February also has strong advance booking activity. January presents a challenge not only for Antlers but for all lodging – Destimetrics shows advance booking pace down 10% for all Vail properties–due to competition from Ikon Pass. Consumers appear to be choosing properties based on “best snow”. March reservations are expected to match or exceed pace from past years. And some events are moving into April which should help to boost revenue in that month. 2019-2020 revenue appears to be going in the right direction. While occupancy is not going up (because we are close to maximum occupancy for winter), there has been little price resistance to our rate increases. The Antlers has received good feedback from guests about our new Loyalty program, which adds value to their reservation rather than the 5% discount they received in past years.

Antlers 2020 Capital Project

Throughout the Antlers 2020 project, Dave Collins was instrumental in keeping Hyder on track and on schedule. The Antlers even took some responsibilities back, such as tile installation, in order to help keep them on schedule. One Hyder Superintendent will live on site in Unit 102 through January to oversee and complete punch list items. The Board expressed their appreciation for the hard work of Magda King and Dave Collins, and the participation of Board members Susan Hagy Humphrey and Jim Taylor who attended weekly OAC (Owner/Architect/Contractor) meetings via conference call. It was noted that some owners were worried about the cost & timing of the project, but Management reports that the project will be completed on time and within budget.

New Business

Capital Reserve Update - Scott Chapman reviewed the status of items that were listed in the 2017 Reserve Study. The biggest item listed and outstanding is stucco replacement at \$456,000. Magda King noted that the Antlers has a plan to repair and replace stucco over time, rather than all at once, and anticipates spending approximately \$10,000 per year for cosmetic improvements. Looking forward to 2021, if the Antlers completes all projects that are expected through 2020, the Reserve Fund balance will be down to approximately \$112,000. Magda King noted that we will continue to consider the amount collected in capital assessments but are committed to keeping the assessment flat for this fiscal year. We will plan to update the 2017 Reserve Study to help determine the correct collection amount and what should be held in the fund, with the promise to owners that no increase will be proposed without a serious study having been completed. The last time Capital Assessments were increased was 8 years ago.

Employee Housing - The Board made a commitment to fully research an employee housing plan. The Board agrees that the Antlers should adopt a guiding principle regarding this issue for when decisions need to be made. The Board plans to revisit this issue at the June meeting so that a discussion that incorporates our culture and principles can occur with the owners in September.

Unit 500 - Rob LeVine updated the Board on the real estate sales opportunity for Unit 500. The listing price is \$1.875 million, with average sales in the area occurring at about 95% of the list price. There are some unique characteristics of the unit (brand new, for sale by an HOA, fully furnished, air conditioned) that may result in a sale that is even closer to list price. If the unit is not under contract by February 1, the Board may want to discuss applying any rental revenue from the construction loan rather than used for HOA operations.

The next meeting of the Board of Directors will be Saturday, June 20, 2020 at 1:00 pm.

The Board adjourned to Executive Session according to Civil Code Section 4935, with a return to regular session and meeting adjournment at 5:52 pm.