

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
ANTLERS AT VAIL ASSOCIATION
Friday, September 4, 2020

Catherine Michela, President of the Board, called the meeting to order at 3:04 pm. Other Board members present were Jim Taylor, Joe Forish, Susan Hagy Humphrey, Scott Chapman, and Jeff Brundage. Also, in attendance were owner Cynthia Mable; General Manager Magda King; staff members Ryan Kelsey, Chris Ratzlaff, Chris Manning, Kim Rediker; and consultant Rob LeVine.

Minutes

The minutes of the June 20, 2020 meeting of the Board of Directors were reviewed and amended to reflect an overall dues increase of 5%, with each owner seeing an increase of approximately 3.79% due to the addition of unit 500. The minutes also are amended to reflect the correct meeting times for September 4 and September 6 meetings. The minutes of the June 20, 2020 are unanimously approved as amended.

Financial Report

2019-2020 Projected Year End Financial Statements – At the June 20, 2020 Board meeting there was a projection to end the fiscal year with an approximate \$40,000 surplus in terms on income. At that time the Payroll Protection Program loan of \$295,000 was included as a Miscellaneous Income. Due to a delay with the bank in their PPP loan forgiveness process, the income will not officially be booked until the 2020-2021 fiscal year. Having lost 6 weeks of rental income during the heart of ski season due to the Covid-19 pandemic was a significant hit to the overall budget, but cost control measures over the past 6 months and better-than-expected summer rental activity means that the Association is expected to end the year off budget by approximately \$80,000. If the PPP loan had been forgiven during this fiscal year, the Association would have shown a surplus of about \$210,000.

2020-2021 Advance Bookings Report – Ryan Kelsey, Director of Sales and Revenue, reported that the Association ended the summer strong, and for 2019-2020 Fiscal year reached 76% of original revenue budget. As of the beginning of September, we have 52.2% of the “expected” winter budget on-the-books and 51.6% of the overall 2020-2021 “expected” budget on-the-books. Winter reservations are pacing at 60% of normal years. The focus of the Antlers Sales Team is to drive business through direct bookings and return guests. We recognize growth potential for next summer with higher rates and slightly lower occupancy and expect an increase in longer stays. Group business in the form of weddings is expected to return next summer. If Vail Resorts can keep the ski mountain operating, we are optimistic that we will be able to meet the “expected” revenue goal. We plan to insulate the budget with additional income from parking fees and deposit protection. Ryan also reviewed the Vail Resorts ski reservation system. The entire Antlers team is becoming familiarized with the process as many guests request assistance with navigating the new rules. Due to the ski reservation system we are prepared to see a reduction in last-minute rental reservations because of the limited last-minute capacity on the mountain.

Cash Budget Report – Chris Ratzlaff, Antlers Controller, presented the cash budget report. This is a tool that we normally haven’t used but have found to be helpful in forecasting how the Association would navigate the difficult economic environment through to the beginning of ski season. Once we received the PPP loan, the cash budget showed that the Association’s cash balance would be ok through the end of November. As we’ve had a more successful summer than anticipated, the cash balance at the end of November has gotten better.

A motion to present the updated budget at the September 6, 2020 Antlers Annual Owners Meeting was properly seconded and the motion was approved unanimously.

Real Estate Update & Development Activity

Antlers real estate sales have exceeded \$10,000,000 in 2020 – 5 units have sold, 1 is currently under contract, and 4 others are on the market. Real estate showings occur almost daily, oftentimes with Luxury real estate companies. All units that have been sold have remained in the Antlers rental program, with one that was previously a VRBO returning to the Antlers program. Magda King noted that while it is imperative that we strive to keep our guests happy, our fiduciary duty to owners to keep, maintain, and increase the value of your assets is always at the front of our minds. The Lionshead market seems to be more desirable currently than Vail Village, and there is a lot of interest from buyers from Mexico.

Capital Improvements Update

Capital Reserve Budget - A reserve study was completed in 2017, and most items that were categorized previously as “priority” have been addressed. A list of all the improvements made in 2019 and 2020 was presented. The ending balance of the Capital Reserve Fund for Fiscal Year 2019-2020 is approximately \$330,000. The next “priority” projects include installation of soffits/lights on the 4th, 5th, 6th, and 7th floors of the south building, mud-jacking of the northwest corner of the pool deck, and resurfacing of the pool and hot tubs. Also, the key card system may come to the forefront if any issues arise as the system has reached the end of its “lifespan” – there are not currently any issues with the system. Because 2020 has been a difficult year, we would like to keep the Capital Reserve balance as healthy as possible in the event of an emergency. The Board expressed confidence in the management team to determine which items are deemed a priority, and an update will be presented to the Board in December.

Construction Loan – Hyder Construction still has punch list items to complete before final billing for the Antlers 2020 project is complete. The Antlers did execute a construction loan of \$891,000 to pay the full amount due on the project. Antlers staff will present the Board with a complete accounting of: the initial expected budget; actual cost; cost of 500 remodel, sale price of unit 500. The Board will decide at their December 2020 meeting regarding the preferred method of paying off the loan. Several options will be considered, including but not limited to: refinance the loan (current loan maturity is December 2021); borrow against unit 101 and/or unit 102; pay with profits over a period of years; sale of 101 and/or 102 (would have to consider capital gain tax plus other implications); put 101 and/or 102 into the rental program for a period of time; pay a portion with capital reserve fund; additional special assessment to owners. The Board will create a list of pros/cons for each possible repayment option. The Board acknowledged that there were changes in the budget after the special assessment amount was determined and will explain to the ownership how the budget changed. The Board will make a statement at the Annual Owners Meeting on September 6, 2020.

New Business

The real estate update presented at this Board meeting will be added to the Sunday, September 6, 2020 Antlers Annual Meeting agenda.

There being no further business the meeting was adjourned at 4:55 pm.