

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
ANTLERS AT VAIL ASSOCIATION
Saturday, June 20, 2020**

Catherine Michela, President of the Board, called the meeting to order at 9:02 am. Other Board members present were Jim Taylor, Joe Forish, Susan Hagy Humphrey, Scott Chapman, Jeff Brundage, and Lori Radcliffe. Also, in attendance were owner Kathleen Flynn; General Manager Magda King; staff members Ryan Kelsey, Chris Ratzlaff, Chris Manning, Kim Rediker; and consultant Rob LeVine.

Minutes

The minutes of the April 8, 2020 meeting of the Board of Directors were reviewed and approved unanimously.

Eagle County Transition Trail Map

Magda King reviewed Covid-19 business protocol information from Eagle County and the State of Colorado. Businesses in the community have collaborated by industry on how best to operate and the efforts have been successful to date, and even with phased re-opening has not seen a spike in cases. Vail Resorts has been most cautious with summer opening efforts so as not to risk the ability to operate in winter.

Reservations Update

2019 – 2020 Winter Season Update – Despite the abrupt end of ski season on March 14 due to an influx of people in town for the Burton US Open in early March, Antlers did reach 85% of budget for the winter season. We were on target to reach budget for the winter season had Covid not hit. While many guests kept their deposits on hold for a future stay, some – primarily international guests - requested refunds due to uncertainty of future travel. Overall, we had a great winter until Covid hit.

2020 Summer – as of mid-June we have \$568,000 on the books for summer, approximately 36% of our budget. When the budget was prepared last September, there was no knowledge or expectation of an event as dramatic as Covid-19. It was remarked that in Summer of 2019 the budget was lower than usual because of the construction project, and it was planned for a 50% occupancy. It was explained that a “regular” summer generally is in the \$1 million range for rental activity. Ryan Kelsey constantly researches the Antlers activity vs. the competitive set, both within our community and in other mountain communities. Other mountain destinations have similar restrictions to Eagle County. Antlers is well within alignment of what the mountain travel industry is seeing regarding occupancy and revenue.

Advance Bookings Report – 32% of the 2020-2021 budget is already on the books, based upon the proposed “expected” budget. While we hope that we have a normal year, we just don’t know what will happen. Most businesses in the mountain region (including Vail Resorts) are planning for about 50% of usual business.

Financial Report

2019-2020 – Management is monitoring closely all the expenses as they are the only controllable items in these uncertain times. The presented forecast for year-end includes the PPP loan of \$295,000. It was

noted that with this loan, we continued with regular staffing levels, and keeping everybody busy completing several significant building maintenance/upkeep projects. Management believes that we will qualify to have this loan forgiven. With the reduction of expenses in the budget, the Antlers forecasts an end-of-fiscal-year surplus of approximately \$44,000, but we are cautiously optimistic about that ending balance because of so many uncertainties.

Budget 2020-2021

To begin budget process for what is expected to be a year with unexpected circumstances, assumptions were mathematically grounded rather than based upon information already on the books. The primary assumption for income was built around data from three “typical” years (2016-2017, 2017-2018, 2018-2019). It was found the median income for those three years, then created three budgets based on 35% of that median income, 50% of that median income, and 80% of that median income, plus some other ways to generate revenue.

The budget proposal includes an increase in both General and Capital Assessments by 5%, but because of the addition of Unit 500, the increase to each owner is approximately 3.7%. The last time General Assessments were increased was 5 years ago. Capital Assessments were last increased 8 years ago. The Capital Reserve account is expected to hold about \$300,000 at year end, in a typical year Antlers spends \$50,000 - \$75,000 on capital improvements.

Proposed in the budget is to charge any guest who does not book with the hotel directly a parking fee of \$50/night. This is a competitive rate based upon our neighboring properties and Town of Vail fees. We also have budgeted for an increase in employee housing revenue. Since the Antlers is currently fully staffed and does not expect to hire additional employees for the upcoming winter, for this year only we believe that we will may be able to rent 2 or 3 of the employee housing units to other Vail businesses for their employees at a rate of up to \$1,500/month. A third new revenue generator proposed in the budget is an increase in Deposit Protection. Antlers has always offered Deposit Protection for a fee of 3% of the total of the reservation. Guests had the opportunity to opt-in to this program. Deposit Protection allows a guest to cancel their reservation at any time without losing their deposit – it is held for a future stay. In 2020-2021, we are going to increase the fee to 5% of the reservation total. Guests will now have to opt-out of this fee. If a guest chooses to opt-out and then cancels within the typical cancellation period, they will forfeit their deposit. As we considered these different revenue ideas, we also deliberated whether Antlers should just implement a resort fee, but we believe that our “no resort fee” marketing is very strong. Each fee that is being implemented is optional and still allows the guest to choose.

3 budgets – “Best”, “Expected”, and “Worst” - have been presented so that as events occur (good or bad) we can use the appropriate budget for guidance on how to react. There was substantial analysis on salaries, benefits, and other employee related expenses. Every manager has received a pay reduction of 10-15% and 20%, and hourly employees’ compensation has remained consistent, but hours have been reduced. The budget analysis proposes that salaries will go back to pre-Covid levels when revenue increases. While the current on-the-books reservations activity for winter doesn’t look too bad, it is noted that we need to be cautious about over-optimism – many reservations were in the system before Covid hit, and without any idea of where hot spots may be some of those may be cancelled due to travel restrictions.

Chris Ratzlaff presented a cash budget to analyze cashflow projections. With the careful attention to expenses and necessary cuts, access to the construction loan for about \$850,000, plus reservations activity for the summer and the PPP loan, cashflow projections at the end of each month through the end of the year are in line with other normal years. It was noted that in a “normal” year it is not unusual to have to take a loan in the fall to help cover expenses.

Upon a motion by Jim Taylor, a second by Lori Radcliffe, and a unanimous vote of the Board, the Budget is adopted with all 3 versions reflected to allow for flexibility based on uncontrollable outside influences (i.e. the effects of Covid on travel).

The Board agreed that the Association will engage McMahan & Associates again this year for a full audit.

Revenue Generator Ideas

Ideas for increased revenue included an Employee Housing Rental Analysis, Deposit Protection Service Analysis, and Parking Fee Analysis. Also discussed was the outline for a new concept for rentals, similar to VRBO/AirBNB. This model would guarantee a room number to guests rather than unit type. Antlers staff is still working on gathering data to help determine specific details for a potential pilot program, more information may be presented in the future to the Antlers ownership.

New Business

Following discussion, it was decided that the Antlers Annual Meeting will occur virtually for the health and safety of all owners. It will occur on the same weekend as in past years. The Annual Meeting will be held on Sunday, September 6th at 4pm MDT. The Board of Directors will meet on Friday, September 4th at 2 pm MDT and on Monday, September 7th at 9 am MDT.

There being no further business the meeting was adjourned at 11:00 am.