

**ASPEN CHAMBER RESORT ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
October 28 2014**

Call to order: Donnie Lee called the meeting to order at 8:43 a.m.

Attendance: Present: Beth Albert, Jeff Bay, Debbie Braun, Simon Chen, Jeanette Darnauer, Nina Eisenstat, Corey Enloe, Warren Klug, Donnie Lee, Cristal Logan, Maria Morrow, David Perry, John Sarpa, Laura Smith and Bill Tomcich. Absent: Dan Bonk, Adam Fortier, Lisa LeMay, Doug Kidder, John Maloy, Michael Owsley, Tim Perry, Dwayne Romero, Kenny Smith, Steve Skadron and Riley Tippet. Staff present: Jennifer Carney, Dorothy Frommer, Jessica Hite, Erik Klanderud, Kelly Pazar and Julia Theisen.

Approval of prior meeting minutes: The board unanimously approved the September minutes with a few minor changes for clarification.

Disclosure of Conflict of interest: none

Presentation: Destination Marketing – Julia Theisen

Debbie began by introducing Julia then explaining that the 2015 Marketing Plan goes through a 4-step process; an extended version is presented to the Marketing Advisory Committee; the ALA approves the program of work; the budget is reviewed by the Finance Committee and approved by the Board; and finally the budget is approved by the City Council.

Julia presented the results of 2014 campaign:

Key Metrics

Occupancy/Rate

- Against 12 competitive mountain resorts, Aspen had the second highest occupancy in June and September and the highest ADR June, July, August, & September

Pure vs Paid Occupancy

- Total occupancy including comps and owner stays +5.1%, continuing the recent trend of increased owner use this summer
- New metric: Aspen's total "pure" occupancy for the month of July was 82.3%, compared with a measured "paid" occupancy of 71.8%.

Sales/Lodging Tax

- Sales tax +12%
- Lodging tax +12%

Occupancy numbers are actually higher because we can't capture all of the data. There is a City ordinance that owners must register a VRBO, but it is tough to enforce, and is negligible number at this time. In 2011 there was an increase in the lodging tax.

Visitor Research

We have contracted with research company RRC since 2008, with research conducted every other year. The final report for this year will be available in mid-November. We did 2547 total intercept surveys from June-September, and event research was also conducted at Arts Festival and 4th of July.

Key Points from Summer Visitor Research:

- 74% of visitors are "huge fans" of Aspen (72% in 2012, 66% in 2010 and 53% in 2008)
- An elevated share of visitors 20% stayed in Snowmass (up from 15% in 2012)
- Increasing share of visitors booked lodging through a private party website (11% in 2014 vs 7% in 2012, 4% in 2010)
- Largest share of visitors geographically has been fairly stable with Colorado 26% and Texas largest out of state market at 14%
- Reasons for visiting Aspen: Outdoor Recreation/Sports 51%; Arts & Culture 33%; Visiting Friends/family 33%; Weather 32%

Advertising Campaign

There have been numerous placements of the Defy Ordinary campaign in print - 30% of advertising budget and 5.4 M impressions served and online - 70% of advertising budget and 22.5 M impressions. Our new website was launched last week. Visits to www.aspenchamber.org continue to grow. We're distributing 80K vacation planners this year. The digital planner has had 20K downloads and is also available in Spanish and Portuguese. The Destination eNewsletter is emailed monthly to 73K visitors in our consumer database with an average open rate of 16%. The Stakeholders eNewsletter sends updates the entire membership, Marketing Advisory Committee, Board of Directors, City of Aspen, and Snowmass Tourism on a monthly basis. The Group Sales eNewsletter is sent on a quarterly basis and has group booking incentives, venue and event information. 22% Open rate, going to a

database of 6,000. We do international marketing in collaboration with Snowmass Tourism, ASC, Colorado Tourism, Brand USA. Current PR and Sales Campaign are in Brazil, Australia, and UK. Japan and Mexico are secondary markets.

Group Sales

We've added a Sales Coordinator position, attend trade shows nationwide and host FAMs for media and trade. Group Lodging Revenue has increased every year since 2011.

Social Media

All social media presence has increased dramatically this year.

2015 Initiatives

Rebrand Guest Services – Defy Ordinary; New creative concepts for Defy Ordinary – Arts & Culture; New Website Features; New PR/Social Initiatives; Increase Group Sales Initiatives; SMERF Markets (Wedding and Religious campaigns, Free honeymoon, Master account credits); Sponsorship dollars to drive target markets and need periods; Lead generation; Increased sales effort in market–travel, trade shows, FAMs

Q&A: The tax revenue is projected by the city, and then the supplemental funds are from the reconciliation for prior year, which comes in the first quarter. Members should look at their listing, this is great time to add photos. We've come a long way, grown the marketing campaign tremendously. Thanks to the city for being supportive of our marketing efforts. Laura Smith encouraged to target the older market 64-84 who are not sedentary and have disposable income. Overall campaign going to new visitation, older market is very valuable repeat guest.

2014 v 2015 Key Allocations

The loan from the city will be paid off at the end of 2014.

	2014	2014 Supplemental	2015
City of Aspen Loan Repayment	\$ 100,000		\$ 0
Benefits & Salaries	\$ 372,000		\$ 427,000
Operations	\$ 55,625		\$ 63,000
Advertising & Production	\$ 440,000	\$ 20,000	\$ 550,000
Photography	\$ 25,000		\$ 50,000
Travel & Expenses	\$ 56,000		\$ 75,000
Trade Shows	\$ 57,500		\$ 55,000
FAMs	\$ 47,500	\$ 8,100	\$ 60,000
Print Collateral & Distribution	\$ 81,000		\$ 81,000
Sponsorship	\$ 20,000		\$ 40,000
PR & Social	\$ 260,000		\$ 298,000
International PR / Marketing	\$ 110,000		\$ 130,000
Web/Technology	\$ 95,500	\$ 40,000	\$ 60,000
Research	\$ 50,000	\$ 10,000	\$ 30,000
Seasonal Marketing	\$ 25,000		\$ 65,000
Special Events	\$ 45,000		\$ 35,000
Partnerships	\$ 250,000		\$ 225,000
Guest Services	\$ 0		\$ 20,000
	\$ 1,960,125	\$ 78,100	\$ 2,315,000

MOTION: There was a motion to approve the 2015 marketing plan. The motion was seconded and passed unanimously.

Chair's comments: Excited for the winter. Pace looks good. Poised for a strong winter...let's continue the momentum.

President's comments: We are really relying on rate right now, we've got to get the condos and smaller lodges to be able to refurbish, to continue to be able to charge the rates they are. The Executive, Finance and Public Affairs committees are meeting in November. There is a lot of planning going on. 2015 is last year of the current strategic plan. Next year we will have two board retreats.

Old Business: The Sky Hotel Redevelopment Project Resolution up for ratification by the Board. Donnie asked John Sarpa to give an update since his presentation to the Board: P&Z voted 4-1 in favor. City council meets again on 11/24. First public hearing 12/1, and the second on 12/8. Hopefully they will find the same support there as they have at P&Z. They had to make changes from the presentation to board: the east wing which is closest to neighbors; lowered from 8

to 6 residential units; and opened up site lines. They've provided noise studies and done an extensive traffic study. They're requesting 3 variances: Height - lowered it to 50' at peak, which is measured at 45' by code, so 40' to 45' variance; small set back; and FAR increase to allow neighbors' traffic easements.

Corey added that pricing options will be mid-range.

Debbie said that other projects are now asking to present to the board, please let her know what you think, either here or off-line.

The resolution was ratified with all present in favor. A copy will be sent to the ALA and city manager's office.

New Business: none

Directors' Comments

Adam Fortier: absent

Beth Albert: Thanks for having her on the board over the last transitional months. Beth Abello is on leave and will be back for the next board meeting. Snowmass Village had a great summer, fantastic fall, and winter is pacing great.

Bill Tomcich: September started off behind in bookings and ended up ahead. Occupancy is pacing well ahead for the winter. Aspen's December holidays are behind, but Snowmass is pacing ahead. Fall was spectacular, we don't have all the numbers yet. Have seen a bit of a slow down at SAS call volume which could be from the expiration of Early Storm promotion package on 10/14. We are the only mountain resort to see a big increase in service this winter. On 9/2 RFTA bus moved to low-season schedule...but demand doesn't drop off at that time which overcrowds busses. Lessons can be learned from air service. We need more bus service. Donnie: Off season really starts later, especially if there is a good fall. Is there a message we can send to RFTA?

Corey Enloe: Looking at the Destimetric reports numbers are phenomenal. Holiday right now looks behind which is odd. Condos could be driving that. Fall was very strong. Get involved in the lodging discussions. Last week were CHLA meetings. Jeff Bay is the incoming chair of that group. As a community we are a very involved in that organization. Thanks for the support on the Sky project.

Cristal Logan: Would like to see as many projects as possible but with the PA Committee vetting the projects first. Has had a great fall turnout for their programming. Scholarships to winter programs are available if you are looking for your staff. They had recent national coverage on CBS Sunday morning - Aspen Institute 2 day program in Washington DC.

Dan Bonk: absent

David Perry: World cup is back this year. Aspen Highlands has a new gladed area - skier's right of Deep Temerity. At Buttermilk they are completing construction of new children's center, the Hideout, triple the size of the old trailer. Dec 13th is planned opening. Parking lot is paved and drop off will be improved. Phase 2 is coming - redo the old green building. Snowmass Burnt Mt. terrain - they will be able to cut the egress trail to ski out. Snowmaking has started for AVSC.

Doug Kidder: absent

Dwayne Romero: absent

Jeanette Darnauer: Thanks to Julia for the presentation. She will share with service category members. Have the PA group review projects but she would like them to come to the board. Media is a good indicator of market business health - she has received comments from long-time media members: ad revenue has been increasing for retail and real estate and they are projecting increases for 2015. They're doing well, but must do 10 times more work for same result. Disturbing recent trend where ad budgets are being slashed by corporate offices for local businesses and cutting contracts at the last minute. Lack of local control, money being used for other purposes, lack of mom and pop business, big increase in diff media markets, rent expense. More online than print. Doesn't feel like the recession is over yet. Jon

Peacock is continuing his sessions at the terminal. She has observed that members are concerned about the potential changes in the runway, increase landings and traffic noise.

Jeff Bay: There is a 3-year strategic plan at CHLA, there are great partnerships and involvement from this community. There has been a lot of growth in September and October at their properties. Permitting has increased so that contributes to a lot of things going on around town. They would like to ask for PA committee support for the Molly Gibson Lodge Redevelopment. He would like the opportunity to present it to the Board, believes they should have the chance to get the support and a resolution. They are doing public outreach this week. It goes before the HPC first and then city council in December and January.

John Maloy: absent

John Sarpa: Real estate continues strong, this year should end better than last year. Aspen Sales volume, and sales prices are up 10-15%. Average home price is 6 million. Having alternatives to that is important. Demand is going up, days on market down. All indicators is going in the right direction.

Kenny Smith: absent

Laura Smith: She would be willing to see redevelopment projects brought to the board based on order of magnitude, one or two projects a year, but not for example 8. The business community should do their best to contextualize the project for the board, showing how each of these properties affects the local business community.

Lisa LeMay: absent, but sent in the following notes to share: September and October were both flat with last year, surprisingly so considering the number of people around town and how late the leaves stayed. I'd also like to share that in some of my fall travels, I really looked at other destinations and thought about how they compared to Aspen. One thing I noticed that might seem small but really impressed me was how CLEAN Aspen is compared to other places! Kudos go out to the city staff for great maintenance and to locals that I SO often see pick up random trash!

Maria Morrow: Re: the lodging incentive program open meetings. We need to get more people engaged to say what we need as a business community because of how it impacts our community. Everyone should reach out to one or two more people to get engaged. Is the vocal opposition a minority or really what is represented?

Michael Owsley: absent

Nina Eisenstat: Julia's presentation was great, it is important for city to see the full scope of what they are doing. Perhaps council can give her 15 more minutes for her presentation. Feedback from service groups is that off season is very short, it was a successful fall and they were able to maintain staffing levels.

Riley Tippet: absent

Simon Chen: Business in the fall was great and it is looking great for the winter.

Steve Skadron: absent

Tim Perry: absent

Warren Klug: Thanks to Julia. The pace of winter sales for lodging has been positive. International business is struggling a bit. Australia is growing. On lodging issue...we do have competition. Must continue to upgrade and remodel. He supports the idea to have PA review requests for redevelopment support and whether or not to bring it to board.

Adjournment: 10:30 a.m.