
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT March 28, 2012

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., March 28, 2012 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

- Jim Power
- Louis Kreig
- Ernie Elsner
- Mike Balk (on phone)
- Bob Gary (on phone)

Also in Attendance were:

- Clyde Hanks, General Manager, BCMD
- Jim Collins, Esq, District Counsel
- Kathy Lewensten, Robertson & Marchetti, PC
- Jennie Fancher, BC Admin Assistant, BCMD
- Samuel Parker, Director of Beaver Creek Public Safety
- Tim Baker, BCRC Executive Director
- Ceil Folz, Vail Valley Foundation
- Tim Maher, BCPOA President
- Jim Kaylor, BCPOA, BCRC
- Suzanne Hoffman-LeBlanc, BC property owner
- Jeff Luker, BC property owner
- Frank Smith, BC property owner

Call to Order

The Regular Meeting of the Board of Directors of Beaver Creek Metropolitan District was called to order by Director Kreig, acting Chairman of the Board, noting that a quorum was present. It was confirmed that prior to the meeting each of the Directors had been notified of the meeting and that written notice was duly posted at the Eagle County Clerk and Recorder's Office and at three public places within the District.

Conflicts

The Board noted that it had received certain disclosures of potential conflict of interest statements more than seventy-two hours prior to the meeting for each of the following Directors,

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indicating the following conflicts: Mr. Ernest Elsner is a member of the Board of Directors for Beaver Creek Property Owners Association; Mr. Michael Balk is a member of the Board of Directors for Beaver Creek Property Owners Association; Mr. Robert Gary is a member of the Board of Directors for Beaver Creek Property Owners Association, Vail Valley Foundation Board and the Vilar Center for the Arts Committee; Dr. Louis Kreig is a member of the Board of Directors for Beaver Creek Property Owners Association; and Mr. James Power is a Director of the Beaver Creek Property Owners Association. The Board noted for the record that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Minutes

The Board reviewed the minutes of the February 22, 2012 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the February 22, 2012 Regular Meeting.

Agenda

Changes were made to the agenda. Director Kreig requested discussion of fire evacuation planning and bear signage be added to the agenda; Director Elsner requested the letter from ERFPD be added to Executive Session. Mr. Hanks requested fire station negotiations and transportation negotiations be added to Executive Session.

Future Meetings

The next regular meeting is scheduled for Wednesday, April 25, 2012 at the same time and location.

Public Input

Ceil Folz presented the Board with information related to the 2015 World Cup Ski Championship races that will take place in Beaver Creek. This will be the 3rd time the championships will be held in the area, making it the 2nd place in the world to do so. Beaver Creek was awarded the championships because there is an expectation of what Beaver Creek can provide. Beaver Creek is currently ranked as the 4th best venue for World Cup racing out of 36 international ski areas. 10 out of the 11 races will be held in Beaver Creek and the mountain will have a new women's course which will have the same finish area as the men's course.

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There will be over 70 countries represented at the championship races in 2015. There will be a TV audience of over one billion people and the marketing will be compounded by social media. 2015 represents an economic impact of \$100 million and a \$638 million marketing value. Support for the event has been garnered from both Washington DC and Denver.

The cost for the event will be \$54-55 million, the Vail Valley Foundation has requested help from BCMD with respect to road maintenance, plowing and keeping the roads clear during the event, as well as the continued support of transportation, two critical pieces related to the event. In addition the VVF would like to see improvements made to Dally Road, including widening the road and paving the road. Ms. Folz also mentioned that she would like the buses wrapped with 2015 World Cup advertising well in advance of the event.

Director Gary asked Ms. Folz about the cost of wraps for the buses. It would cost \$6,000 per bus to wrap. Ms. Folz added the price may be reduced with some in-kind trade. Director Balk mentioned that improvements to Dally Road would involve partnering with VR. The VVF has been discussing the issue with VR as well. Director Balk asked what has been requested from BCRC. The VVF asked BCRC for \$3.5 million for the 1999 World Championships and has asked for \$2.5 million for the 2015 World Championships. BCRC has the money budgeted into their 5 year plan, with no plan to assess property owners at the moment.

Director Elsner noted that BCMD does not own Dally Road and cannot therefore commit to working on it. Director Elsner also asked whether the VVF will be providing any benefit to homeowners for supporting the event. Ms. Folz responded that a significant amount of money is being raised from individual contributors and these supporters will get hospitality in return, at a premium donor level. There is no hospitality available for other events in Beaver Creek. Director Elsner asked if there could be a spot for home owners along the course or at Red Tail Ridge. Ms. Folz stated that this was not possible but suggested that she could rope off a section of the grandstand for BC home owners so they could come and go as they please and be assured a seat for the event.

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Director Power noted the most significant contribution BCMD could make would be the new road if VR agrees to the land for the new fire station. It is important to remember BCMD is operating from a reduced tax base and will be using its reserves. Director Kreig asked if there would be any parking by the course. Ms. Folz responded no parking will be available near the finish, but noted there will be a VIP shuttle taking people back and forth. Director Kreig inquired what would happen to the road after the event. Ms. Folz responded the road would continue to be used for events like cycling and possibly the rodeo if it moves up to the Red Tail Camp area.

The Board requested Ms. Folz contact VR to strongly encourage them to move forward with the land exchange for the construction of a new fire station.

Home owner Jeff Luker asked the Board if there are any guidelines for BCMD related to approving requests for funding of incremental expenses or provision of services related to special events. Mr. Hanks explained the BCMD service plan sets forth boundaries for what BCMD can spend money on including roads, transportation, and recreation. The District budget is set annually and contains some discretionary funds, there is a public hearing as part of the budget approval process. BCMD cannot make multi-year commitments, take on new debt, or raise operating mill levy rates without voter approval. Mr. Luker noted his thought that there should be guidelines put in place for special events. Mr. Luker stated if BCMD is operating at a deficit of \$400,000 today there are incremental costs associated with maintenance and transportation which has been requested for 2015. There should be an estimate for budgeting purposes looking forward related to 2015 and other special events. The Board continues to discuss the issue of the financial impact of 2015 on the tax payers and is working forward.

Mr. Luker noted the revenue opportunity associated with 2015, with advertisement revenues possible, specifically with advertising on the buses. Any cost associated with the event should be in line with revenue from the event.

Mr. Kaylor noted the true cost of 2015 is not known. BCRC has committed to \$2.5 million but has also committed to security and

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transportation, the actual costs have yet to be determined. Somehow the home owners need to benefit from the 2015 event.

Mr. Smith asked Ms. Folz if the regular World Cup race will take place as well in 2015. The regular race will take place in December, 2014, with the championships following in February, 2015. Mr. Smith also inquired what the cost for road improvements to Dally would be. Mr. Hanks mentioned that the road request involves some variables. A 2 inch road overlay would cost significantly less than a 6 inch overlay, \$200,000 versus \$700,000. Mr. Smith sees a great deal of impact on the area prior to 2015, affecting hiking and biking and therefore placing an impact on the day to day lives of home owners.

A preliminary analysis of road impacts due to construction traffic and added transportation related to 2015 has indicated they will have minimal impact. The impacts appear to be less than a half of a percent of the road budget. The study was completed by Alpine Engineering.

Ms. Suzanne Hoffman-LeBlanc presented Ms. Folz with her comments and questions related to 2015. Related to marketing she inquired why there is no Team Beaver Creek? She also asked how many other World Cup Championship sites have been organized by a non-profit noting she would like the comparisons to other communities to stop. Ms. Folz will address Ms. Hoffman-Leblanc's concerns directly.

Mr. Baker stated that 2015 is an exciting event in the interest of the collective community. Mr. Parker added that 2.5 billion marketing impressions will undoubtedly do something positive for the community.

Director Elsner requested Ms. Folz contact the top executives at VR directly after the meeting to push for the fire station land in order to get the road work moving forward. Mr. Luker suggested a sales tax could be implemented over a 3 year period to cover costs needed to fund the road work for 2015.

General Manager Update

Fire Station: Mr. Hanks informed the Board that Dominic Mauriello has been hired to analyze the land where the current fire

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station is located. Mr. Hanks expects to hear from Mr. Mauriello next week. The next step will be determining who might be interested in bidding on the property.

Director Kreig was appointed by the Board to replace Director Gary on the Fire Station Committee.

ERFPD Agreement: Mr. Hanks informed the Board he is awaiting financial information from ERFPD, promised by Chief Karl Bauer. The specific requests involve costs of manning the Beaver Creek Fire Station as well as training costs. The current agreement does not expire for another few years.

ERFPD Letter: Mr. Hanks brought to the Board's attention the letter received from ERFPD mentioning potential intermittent closure of the BC fire station and other stations in the district. The current agreement states the BC fire station can never be understaffed. Currently there is no ladder truck in BC. The ladder truck is currently housed in Cordillera, because it does not fit in the Avon station, giving BC at best a 20 minute response time. There is a mutual aid agreement with Vail. Their ladder truck is closer with a 10 minute response time.

Encroachments: Mr. Hanks presented the Board with an update regarding Lot 5 on Elk Track Court. There are significant complications related to an encroachment agreement for this lot. Lot 6 has built into the BCMD easement, as well as the skiway easement, which complicates building for Lot 5.

Transportation Negotiations: The Transportation committee met on Monday to discuss transportation matters . In attendance or on the phone were Tim Baker, Doug Lovell, and Ross Bowker from BCRC and Mr. Hanks, Director Elsner, and Director Kreig from BCMD. The results of the meeting will be discussed in Executive Session.

Project Legacy: The monument for the front entrance is moving forward and should be installed before the 4th of July. Mr. Luker stated his dismay relating to two trees being removed to accommodate the new entry monument. He did not like the idea of removing any trees when there is an effort going on within the resort to improve the health of trees and plant new trees.

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The signs along the side roads within Beaver Creek will be replaced this year to match those on Village Road.

It was reported BCRC decided at its meeting that it has no interest in committing 50% at this time toward a sample guardrail on Village Road and South Holden Road. Mr. Baker informed the Board BCRC wants more information regarding the guardrails and has no interest in committing toward a partial project. There is skepticism on the part of BCRC as to whether guardrails are not solely a BCMD responsibility. The Board sees it as shared because the guardrails have a safety aspect (BCMD) as well as an aesthetic aspect (BCRC).

Director Elsner stated the concept of Project Legacy is a 50/50 split between BCRC and BCMD for each project. Director Balk noted his disappointment with BCRC's decision to not fund their half of the guardrail test project noting each request BCRC has made of BCMD has been granted, including Centennial Station.

Insurance Claims: The Board referred to the report included in the packet. All costs associated with incidents to-date have been recovered.

May Election: The May election has been cancelled as there were no more candidates than seats available. Directors Kreig and Power were both re-elected by acclamation.

Evacuation Plan: Director Kreig requested a test of the wildland fire evacuation plan for Beaver Creek. The last test took place 18 months ago.

Bear Signage: Director Kreig noted the signage that exists in Arrowhead regarding bears and keeping trash receptacles locked and asked if it would be possible to place such signs within the District. Fines for those who don't follow the rules regarding garbage and bears were discussed. Mr. Parker suggested the rules regarding bears and garbage be conveyed in a newsletter or memo form.

Legal

No legal issues were presented.

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Financial Statements

The Board reviewed the February 2012 preliminary financial statement included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the February 2012 preliminary financials as presented.

Accounts Payable

The Board reviewed the Accounts Payable listing that had been included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve and ratify the accounts payable list as presented.

Other Business

Director Elsner asked Mr. Baker about the marketing line item for 2015. Mr. Baker explained that the marketing dollars for 2015 will be spread out over 10 years. The VVF will invoice the BCRC on an annual basis.

Director Power noted the BCMD representative position for UERWA will expire in May. The appointment of this position will take place at the May BCMD meeting.

Mr. Maher inquired of the Board as to who paved Dally for the 1999 World Cup Ski Championships. Mr. Hanks responded that he would look into the issue.

Executive Session

Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session citing §24-6-402(4) (a) C.R.S. for the purpose of determining positions subject to negotiations related to the acquisition of property for a new fire station; and §24-6-402(4) (e) to discuss positions related to negotiations with the BCRC related to the 1999 Transportation Agreement. Board entered into executive session at 10:40 a.m. and adjourned the executive session at 11:30 a.m.

Adjournment

There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

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RESOLVED to adjourn the Regular Meeting of the Beaver Creek Metropolitan District Board of Directors held on March 28, 2012.

Respectfully submitted,

Jennie Fancher
Secretary for the meeting