
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT June 27, 2012

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., June 27, 2012 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

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

Also in Attendance were:

- Clyde Hanks, General Manager, BCMD
- Ken Marchetti, Robertson & Marchetti, PC
- James Collins, ESQ, Collins Cockrel & Cole
- Jennie Fancher, BC Admin Assistant, BCMD
- Samuel Parker, Director of Beaver Creek Public Safety
- Bill Simmons, Vail Resorts
- Tim Baker, Beaver Creek Resort Company
- Tim Maher, BCPOA President
- Frank Smith, BCPOA
- Kim Kaylor, BCPOA and BCRC
- Jeff Luker, BCPOA
- Tim Kelly, Beaver Creek property owner
- Glen Palmer, Alpine Engineering
- Kris Sabel, Executive Director, Vilar Center
- Dean Davis, Facilities Manager, Vilar Center
- Kathy Aalto, Ceres Landscape Architecture

Call to Order

The Regular Meeting of the Board of Directors of Beaver Creek Metropolitan District was called to order by Mike Balk, 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

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hours prior to the meeting for each of the following Directors, 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 May 23, 2012 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the May 23, 2012 Regular Meeting.

Agenda

Mr. Hanks requested a change in the order of the Agenda, swapping the order of the ERWSD drought presentation and the Wildland Fire Mitigation Update due to the fact Mr. Baker has another meeting to attend. Chairman Balk asked the subject of Project Legacy, specifically the painting of utility boxes, be added to the agenda.

Future Meetings

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

Public Input

Vilar Center: Kris Sabel presented the Board with an update on the Vilar Center for the Performing Arts. From an income perspective the winter was a challenge, a lack of snow equating to fewer home owners in town, resulting in \$85,000 lower in the ticket sales line item of the budget. Fundraising is strong, on track to meet and most likely exceed expectations. Rental income is up 35% from budget. By the end of summer the ticket sales shortfall should be made up. Three big shows on deck for summer include: Ringo Starr, Diana Krall, and the Dukes of September. Capital improvements included two remodel projects which took longer

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than expected. The power and sound issue has been taken care of. Mr. Sabel is currently getting bids and will begin the install of the sound system project in the next two weeks. BCMD is approving year 2 of funding, hearing results of year 1. A project is being brought before the DRB which will improve the back stage entrance into the Vilar Center. The original design is poor and the proposal will set the door back behind the curb. Approval of next year's budget includes \$250,000 for capital expenditures. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize the release of \$250,000 to the Vilar Center for use on capital projects as outlined in the annual report and ratification of capital projects from the prior year.

Fire Protection Plan: Tim Baker presented the Board with an update resulting from a meeting with Anchor Point, revealing 3 pieces to the fire mitigation plan update. The first is mapping the fuel sources within the resort, pinpointing what has been taken care of and what needs to be addressed. Number two is to update the resort's interface response plan, information given to an outside agency in the event of a fire. The third piece is to implement a contract with Anchor Point not to exceed \$14,000 as a partnership between the BCMD and the BCRC.

Downed timber is a primary concern for homeowners and the resort, an inspection with Anchor Point revealed tremendous efforts have been made since the original installation of the plan. Downed aspen and serviceberry trees/shrubs are less flammable than downed spruce. Removing deadfall from homeowners' lots and invoicing homeowners was discussed. Chairman Balk stressed the importance of not getting caught up in paperwork and delaying fuels cleanup; extreme drought conditions warrant action. Communicating to the Beaver Creek community about the extreme fire danger and the importance of clearing deadfall is a priority. Jim Kaylor noted Creekside Park appears to be neglected and would like to see it appear on Anchor Point.

Director Power brought up the subject of insurance ratings. Most of Beaver Creek is rated low risk. Steep, wooded lots are rated high because fire travels uphill. The Anchor Point studies can be shared with insurance companies. Diane Johnson of ERWSD

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reported ERFPD completed its Community Wildfire Protection Plan (CWPP). The plan demonstrates how different areas within the county are rated. Ratings are related to water supply. Beaver Creek has strong fire protection in terms of fire hydrants and water storage.

Efforts will be made to work with Anchor Point to identify where fuels in common spaces exist and get crews working to remove such fuels within the next two weeks. Chairman Balk stressed the urgency to remove fuels and then invoice property owners. Rod Miller requested Mr. Baker put drought and fire conditions information in the next newsletter. Mr. Baker stressed the importance of homeowners to retain records of the belongings within their homes.

60 Wayne Creek Road: Kathy Aalto of Ceres Landscape Architecture presented the Board with an encroachment request for 60 Wayne Creek Road. The request involves the planting of 5 large trees in the easement. The Board informed Ms. Aalto the Metro District has the right to remove the trees if circumstances warrant, at the expense of the owner. Ms. Aalto acknowledged the homeowner is aware. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the encroachment agreement for 60 Wayne Creek Road as presented.

ERWSD Drought Update: Diane Johnson, Community Public Affairs Manager for the Eagle River Water and Sanitation District presented the Board with an update of drought conditions throughout Eagle County. Ms. Johnson noted that the drought monitor comes out every week and currently 27% of the state is experiencing extreme drought conditions. Water demand is high during summer months, exacerbating drought conditions. For every 100 gallons of household water use 95 gallons come back into the system. For every 100 gallons spent on landscape use, 15 to 40 gallons come back into the system.

During the 2002 drought ERWSD utilized a cutting back program and experienced higher water used when people were restricted to fewer days. This summer the plan is to water with a normal schedule in place until severe conditions are reached, at which

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point water for landscaping and outdoor use will be ceased entirely. ERWSD will utilize the EC Alert system, press releases, and its website to convey emergency drought information to customers. The focus of ERWSD is on public safety. Ms. Johnson relayed to the Board the golf courses have been cooperating and working with ERWSD. Golf courses are on a raw water system and are an integral part of tourism throughout the valley; the focus will be on greens and tees. Ms. Johnson suggested Beaver Creek residents reduce water use now to prepare lawns for drought conditions. Ms. Johnson was granted permission to use of the resort's lit signs to communicate if necessary.

The Board made it clear they prefer staged cutbacks to no water use at all. Upon motion duly made and seconded, it was unanimously

RESOLVED to pass a resolution of the Board's stance approving incremental cutbacks of landscape water, opposing landscape water being cut off completely, and directing Jim Power, the designated BCMD representative for the ERWSD Board, to inform ERWSD of BCMD's position.

General Manager Update

Village Road: Glen Palmer presented the Board with the Village Road update referring to the maps included in the packet. The red boxes on the map are of concern this year. Dale Decker, Mr. Palmer, and Clyde Schlegel examined Village road. Drainage is an issue along Village Road. This winter ground water would accumulate on the road creating more action with ice removal than snow removal. Four areas are recommended for full depth patching, one area can wait a year or two. Drainage improvements have been prioritized, as drainage is tied directly to road issues. There are also some issues on Holden Road which will be put to bid three ways: full depth, infrared, milling. The areas that have been fixed with full depth patches are doing well.

Overlays were previously on a 5 year schedule when they should have been 10 years. Problems within a 5 year period demonstrate a problem. The next overlay for Village Road will take place in 2014 and should perhaps be a seal coat to improve the look of the road for 2015 without the full expense.

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Director Elsner pointed out drainage is more of an issue than faulty asphalt. Mr. Palmer noted the 3 or 4 inches of friable asphalt is not a healthy base for the road and problems with drainage exacerbate the issues. Discussion followed regarding 2015 construction and its impact on the road. The additional impact is not expected to have a large impact on the road. It was decided to continue to examine Village Road annually.

The 2012 budget includes \$55,000 for patching, \$50,000 for drainage repairs, and a contingency fund of \$250,000. Road issues need to be prioritized. When bids are received action can be planned, prioritizing must-do, could-do, and put-off projects.

Fire Station Update: Mr. Hanks informed the Board of a meeting scheduled for July 3rd with Vail Resorts Development Company, Vail Resorts attorneys, Jim Collins, and BCMD representatives. There appears to be no legal case to keep a fire station from being built at the water tower property. The process has been slow to-date but is expected to move forward at next week's meeting.

Encroachments: Mr. Hanks reported there have been no new encroachment requests.

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

Legal

Mr. Collins reported mill levy issues will be discussed in Executive Session. Jeff Luker requested an update on transportation costs, noting an increase in visitors creates an increase in transportation. Mr. Hanks noted the BCMD transportation budget is capped at 12.2 mils, with BCRC responsible for additional costs. BCRC has indicated implementing an assessment to cover additional transportation costs. The 1999 agreement is arguably void at the end of each year. The agreement is favorable to the resort as buses can be purchased under tax exempt status. Implementing a sales tax enables the overage to be paid by visitors as well as homeowners. BCRC wants the property owners to cover the shortfall. A sales tax could help fund improvements necessary for 2015.

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Financial Statements

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

RESOLVED to accept the May 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.

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 Transportation matters. The Board entered into executive session at 10:58 a.m. and adjourned the executive session at 11:10 a.m.

Further Business

Upon returning from executive session the Board took the following action. Upon motion duly made and seconded, it was unanimously

RESOLVED to file a PUD amendment for Tract M, lot 1.

Adjournment

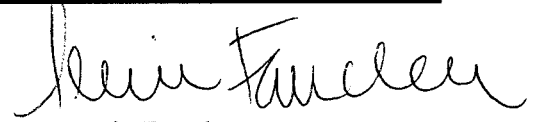
There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Beaver Creek Metropolitan District Board of Directors held on June 27, 2012.

Respectfully submitted,

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Jennie Fancher
Secretary for the meeting