
RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT January 23, 2013

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., January 23, 2013 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

Absent and excused was Director:

- Bob Gary

Also in Attendance were:

- Clyde Hanks, General Manager, BCMD
- Ken Marchetti, Robertson & Marchetti, PC
- Kathy Lewensten, Robertson & Marchetti, PC
- James Collins, ESQ, Collins Cockrel & Cole
- Jennie Fancher, BC Admin Assistant, BCMD
- Tim Baker, Beaver Creek Resort Company
- Bill Simmons, BC Village Operations
- Sam Parker, Director of Beaver Creek Public Safety
- Tim Maher, BCPOA President
- Barry Parker, BCPOA Vice President

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 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

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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 November 28, 2012 Special Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the November 28, 2012 Special Meeting.

Agenda

Chairman Balk requested a rearrangement in the order of the Agenda, discussing transportation funding first, while Mr. Marchetti is present. Mr. Marchetti noted the importance of Mr. Collins being present for the discussion.

Future Meetings

The next regular meeting is scheduled for Wednesday, February 27, 2013 at the same time and location.

Public Input

There was no public input.

General Manager Update

Snowmelt: Mr. Hanks presented the Board with a brief update on the snowmelt system. The new control system has been installed and was less expensive as expected. One of the burners is in the process of being replaced and the old one will be kept for parts. The burner replacement was expected to cost \$40,000 and the new control system was expected to cost between \$20,000 and \$30,000. The total cost for both projects will come in at roughly \$40,000.

Transportation Agreement: Mr. Hanks updated the Board on the status of the Transportation Agreement. Negotiations with the Beaver Creek Resort Company resulted in a funding agreement for 10 years, subject to annual appropriations. The base amount for the BCMD contribution will start at \$2.85 million with increases in the annual appropriations based on the Denver/Boulder CPI not to exceed 3%. All transportation costs above this amount will be covered by BCRC. The attorney for BCRC has made changes to the language of the contract. Mr. Hanks met with Tim Baker to discuss the changes.

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The issues with the agreement include decision making abilities related to running transportation and ancillary revenues related to transportation. The 1999 Transportation Agreement gave each party veto power. BCRC would like decision making power for capital expenditures, service levels, and budget approval as it covers all additional expenses. The ancillary revenue comes from three separate sources: advertising on the buses, roughly \$15,000 a year; rentals of buses through VR, roughly \$30,000 a year; and the sale of buses being replaced, \$40,000 to \$50,000 a year. BCRC would like to see this revenue applied to additional costs associated with transportation.

The current agreement allocates decision making power to BCRC in the event of a deadlock. As far as ancillary revenues the question is whether money should go to BCMD, BCRC or somewhere else. Director Power inquired about the setup of transportation and whether one entity is in charge of Dial-A-Ride specifically. While the notion of BCMD being in charge of DAR pervades there is no documentation backing it up.

Discussion ensued determining a baseline is necessary to determine today's service levels. The Resort Company's contributions to transportation are required to maintain service levels where they are at currently, or exceed them. Going below today's standards is not permissible without mutual consent. If service levels increase the BCMD contribution would not change. BCRC requests flexibility in improving service levels as it bears the cost. President Balk noted a modification should be made to the contract stating BCRC can spend more money if it wants and improve service levels.

Mr. Baker noted the desire to reach an agreement today and referred to the 1999 Agreement, Section 2, which excluded BCRC from advertising control. Mr. Baker wants to implement the advertising on the buses as part of BCRC's marketing strategy and eliminate the third party, TIGA. BCRC sees rental income from the buses as an offsetting cost for transportation. The cost is part BCMD, part BCRC. BCRC sees the acceptance of BCMD's financial commitment of \$2.85 million contribution to the system leaving all variability to BCRC. Mr. Marchetti noted the income could be placed in a reserve to offset future transportation costs. Ancillary income being assigned to BCRC may mean an estimated \$45,000 adjustment to the 2013 budget. Both entities contribute to transportation, how each pays differs. Incremental income should benefit both parties. A PUC license would allow for more rental income but will not be pursued at this time. VR

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group sales currently use the buses during summer and offseason times for group business as part of a package but bus rental is not a line item on invoices. There will be no bus sales until after 2015.

Chairman Balk requested input from the Board. Director Power noted he is in disagreement with BCMD not receiving the ancillary income but will concede. Director Elsner noted the added contribution in the long run has changed the deal. Director Kreig shared his disappointment, believing the deal was done after the last meeting and adding there can be no deal until the baseline appendix for service levels is in writing. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Transportation Agreement subject to the inclusion of an appendix satisfactorily demonstrating service levels that are currently in existence and including language stating service levels cannot go below such standards without mutual consent; such standards must be presented at the BCMD February 27, 2013 meeting; BCRC will take over all advertising on the buses; and ancillary income will go towards covering variable expenses associated with the transportation system.

Insurance Claim Recovery: The Board referred to the report included in the packet. Mr. Hanks noted no new claims have been filed.

Project Legacy: The new guardrail at the intersection of South Holden and Village roads has been installed and is holding up in winter conditions. BCRC is committed to completing the project in 2013. A decision needs to be made related to how the rest of the project will occur. Installing the wood sections and eliminating the stone from the design would bring the cost down to \$250,000 from \$400,000. The idea of placing stone every 50 feet as opposed to every 100 feet can also be researched as a cost cutting measure. Mr. Hanks agreed to have specific dollar amounts available at the March meeting. The importance of new guardrails being installed in the safest spots was also discussed.

Mr. Baker informed the Board of BCRC projects in the village core consistent with Project Legacy. The two top priorities being the installation of escalators by the grand staircase and relocating the zamboni building. The escalators will not be installed this year. Mr. Baker expects to relocate the zamboni building this summer. Mr. Baker sees replacing the guardrails as a high priority.

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Fire Department Contract Renewal: Mr. Hanks noted a meeting is scheduled for February 7th. A letter was sent asking for specific financial information and a response has been promised. The meeting will not include attorneys and financial data is expected to be available at least a week before the meeting.

Contract Renewal: Mr. Hanks noted the Turtle Bus contract has been renewed and is deemed necessary as the bus uses the resort's bus turnaround.

Fire Station Update: The PUD amendment was approved unanimously by the County Commissioners at Tuesday's meeting. Dominic Mauriello gave a great presentation. A letter has been sent to Alex Iskenderian and Doug Lovell but no response has been received. A letter was sent to homeowners on Elk Track Road relaying plans and requesting involvement with no response received. Mr. Hanks was directed to set a meeting date with Mr. Iskenderian and Mr. Lovell.

Legal

Mr. Collins Informed the Board the issue of hotel assessments will not be taken up this year. Director Elsner noted a hotel recently sold in Vail which should offer relevant comparison opportunity for Mr. Chapin.

Mr. Collins noted the Fire District has appointed Special Counsel to work on the contract renewal. Mr. Collins also noted a water rate increase and possible water shortage for next summer are topics to be covered at the February meeting.

Financial Statements

The Board referred to the December 2012 preliminary financial statement included in the packet, noting the year is ending favorably with not as many expenses as anticipated. Mr. Maher inquired as to whether there will still be a \$1.3 million reduction in reserves and whether that number is still accurate. It is too early to have a concrete answer as the bottom line can be affected by moving forward with the guardrail project. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the December 2012 preliminary financials as presented.

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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 citing §24-6-402(4) (f) C.R.S. to discuss personnel matters related to the General Manager's employment contract renewal. The Board entered into executive session at 10:25 a.m. and adjourned the executive session at 11:10 a.m.

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

RESOLVED to renew the annual employment contract of Mr. Hanks.

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 January 23, 2013.

Respectfully submitted,



Jennie Fancher
Secretary for the meeting