
RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT June 18, 2014

The Special Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., June 18, 2014 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
- Stephen Friedman
- Jim Fraser
- Pam Elsner (on phone)

Also in Attendance were:

- Clyde Hanks, General Manager, BCMD
- Ken Marchetti, Robertson & Marchetti, PC
- Jim Collins, ESQ, Collins Cockrel & Cole
- Jennie Fancher, BC Admin Assistant, BCMD
- Bill Simmons, Vail Resorts
- Tim Baker, BCRC
- Jim Clancy, BC Public Safety
- Kris Sabel, Vilar Center
- Ceil Folz, Vail Valley Foundation
- Glenn Palmer, Alpine Engineering
- Tim Maher, BCPOA
- Barry Parker, BCPOA

Call to Order

The Special Meeting of the Board of Directors of Beaver Creek Metropolitan District was called to order by Lou 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, indicating the following conflicts: Dr. Louis Kreig is a member of the Board of Directors for Beaver Creek Property Owners Association; Mr. James Power is a Director of the

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Beaver Creek Property Owners Association; Mr. James Fraser is a Director of the Beaver Creek Property Owners Association; Mr. Stephen Friedman is a member of the Board of Directors for the Vail Valley Foundation and the Eagle River Water and Sanitation District. Ms. Pamela Elsner is a member of the Board of Directors for Vilar Guild Executive Board; and, 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 28, 2014, Regular Meeting. Acting Chairman Kreig requested the terminology be changed in the discussion related to the fire station, changing “connector road” to “access road” on page four (4). Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the May 28, 2014 Regular Meeting with the suggested change, replacing “connector road” with “access road”.

Agenda

Mr. Hanks noted his desire to add a discussion related to Village Road resurfacing after the discussion of general road conditions.

Future Meetings

The next regular meeting is scheduled for Wednesday, July 23, 2014 at the same time and location. Mr. Fraser noted he will not be present but can call in to the meeting.

Election of Officers

The election of officers within the Board was discussed. Upon motion duly made and seconded, it was unanimously

RESOLVED to appoint the following officers

Director Kreig as the Chairman and President of the Board.
Director Friedman as Secretary
Director Power as Treasurer
Director Pam Elsner, Vice President, Assistant Secretary/Treasurer
Director Fraser as Vice President, Assistant Secretary/Treasurer

UERWA Alternate Representave

Upon motion duly made and seconded, it was unanimously

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RESOLVED to appoint Director Pam Elsner as the second alternate representative for the Upper Eagle Regional Water Authority Board, with Mr. Hanks the first alternate representative.

Public Input

Mr. Baker noted his regard for the exceptional cleanup that has occurred within the resort since the mountain closed.

Vilar Center Annual Update: Kris Sabel updated the Board on the Vilar Center, offering a summary of expenses and projects that have occurred since funding by the BCMD was initiated. Most of the projects on the five year plan are on track to be completed. The most recent big project is the renovation of the sound booth. A large project on the horizon will be replacing the seats in the theater. 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.

Discussion of the timing for a TABOR election question to continue the funding to the Vilar Center. The best options to consider would be the November election in 2014 or 2015. If the question is on a later ballot it would be after the tax expires, requiring a question of raising taxes. Upon motion duly made and seconded, it was unanimously

RESOLVED to place a TABOR election question on a November 2014 ballot requesting a five year extension of the \$250,000 annual contribution to the Vilar Center.

Bond Discussion: The rating process for the bond issuance has been completed and the District has received preliminary ratings, an A+ rating from Fitch and an AA- rating from Standard and Poor. These are good ratings for a Metro District. Piper Jaffray has recommended the District approves both of the ratings. The bond covenants require no more than \$10 million in bonds be issued in 2014. This includes lease/purchase items and the fire station financing. There will be approximately \$6 million spent on the bonds leaving the maximum amount that can be financed for the fire station in 2014 at \$4 million. Mr. Marchetti referred to cash flow projections in the packet and noted his expectation that the District will end the year with \$1.3 million as an ending fund balance. Having received Mr. Palmer's cost projections for infrastructure costs for the new fire station of approximately \$1.1 million, the ending fund balance is now expected to be \$1.7 million. Discussion related to reserves, determining an appropriate number, will be placed on a future agenda. District financial policies will need to be released as part of the bond issuing process. Insurance options for the bond process will be examined. Insurance could increase the bond rating. Today's meeting was properly

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noticed as for some consideration of the bonds. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Bond Resolution as presented in the Board Packet.

The next step in the bond issuance process includes issuing the preliminary offering statement that will be distributed to the market. The bonds will be available to Beaver Creek residents a day before they are available to the general market.

Road Report

Mr. Palmer presented the Board with the annual update on the state of Village Road as well as several road and bridge projects planned throughout the resort. A quick background of issues on Village Road included discussion of a weak sub level and the amount of full depth patching taking place each year in the most damaged areas. Drainage work is proving to be helpful in decreasing failure areas. The road is 30 years old and in need of annual patching and repairs. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize Clyde Hanks to approve bids for road work that are received within budget.

Discussion occurred related to resurfacing options for Village Road. A slurry seal option was budgeted for 2014 but results from similar work done in Avon suggest this may not be the best option. Other options include a chip seal or an overlay. Chip sealing has not been well received in the past. An overlay is far more costly but gets a road into like-new condition. There is an option to not do anything to Village Road this year and look into budgeting an overlay in the future. Upon motion duly made and seconded, it was unanimously

RESOLVED to delay resurfacing by slurry or chip seal of Village Road and to only proceed with patching and drainage improvements on Village Road for 2014.

Guardrails: Installing a timber element to the section of guardrail at the Prater Road intersection was discussed. This area is too narrow for the stone stanchions and a timber element will polish it off.

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Bridges: The skier bridges are in need of repair. One issue that has arisen is a change in the Uniform Building Code that now requires a six inch gap between railing rungs as opposed to the eight inch requirement in place when the bridges were originally constructed. The Oxford Court Bridge will be repaired this year.

General Manager Update

Fire Station: Costs for the access road have come in at \$1.1 million. No wetlands issues have arisen yet. The selling of the current fire station site will be discussed in Executive Session.

Elk Track Townhomes: Mr. Hanks informed the Board of an issue with the road by the entrance to Elk Track Townhomes. The driveway was redone and in the process part of the road was cut out and a wider pan was installed. This has affected drainage. The property has been contacted and asked to take care of the issue.

Restrictive Covenant Acquisition: There will be a gap of approximately a week between the issuance of the bonds and the closing of the Restrictive Covenant Acquisition. Directors Friedman and Fraser were designated as the sub committee for the Restrictive Agreement and Restrictive Covenant Acquisition. The sub committee should be authorized to execute the closing. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize the closing on the Purchase of the Restrictive Covenant and Restrictive Agreement as soon as convenient following closing of the Bonds; and to authorized the Officers of the District and General Manager, Clyde Hanks to execute any documents related thereto.

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

2014 Budget Amendment

Mr. Marchetti referred to the 2014 Budget amendment that had been included in the packet. He noted a notice of a public hearing was published, and that four basic items related to the budget amendment: 1) the acquisition of the Restrictive Covenant, 2) moving forward with site preparation for the new fire station, 3) a \$16,806 difference with transportation contracts, and 4) a transfer from the general fund to the

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capital fund for fire station work. Upon motion duly made and seconded, it was unanimously

RESOLVED to open and thereafter close the public hearing and approve the resolution to amend the 2014 budget for the Beaver Creek Metro District.

Financial Statements

Mr. Marchetti referred to the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the May 2014 preliminary financials as presented.

Accounts Payable

The Board reviewed the Accounts Payable listing. Upon motion duly made and seconded, it was unanimously

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

Executive Session

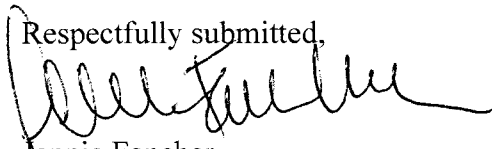
Upon motion duly made and seconded, it was unanimously

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 sale of property where the current fire station is located; The Board entered into executive session at 11:05 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

RESOLVED to adjourn the Special Meeting of the Beaver Creek Metropolitan District Board of Directors held on June 18, 2014

Respectfully submitted,

Jennie Fancher
Secretary for the meeting