
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT April 23, 2014

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., April 23, 2014 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

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

Also in Attendance were:

- Clyde Hanks, General Manager, BCMD
- Ken Marchetti, Robertson & Marchetti, PC
- Jim Collins, ESQ, Collins Cockrel & Cole
- Kathy Lewensten, Robertson & Marchetti, PC
- Jennie Fancher, BC Admin Assistant, BCMD
- Bill Simmons, Vail Resorts
- Dave Eickholt, BCPOA
- Jim Lee, BC homeowner
- Lin Bercher, BC homeowner
- Tim Kelley, BC homeowner
- Andrew King, BC homeowner
- Susan Gibson, BC homeowner

Call to Order

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

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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 March 26, 2014, Regular Meeting, discussing a change recommended by Director Power for page three (3) under the discussion of ballot issues for ERWSD. The change adds the Board discussion of Ballot Issue A and its position of not supporting a property tax increase (mil rate increase) to fund the ERWSD. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the March 26, 2014 Regular Meeting with the addition of the Board's position on Ballot Issue A on the ERWSD ballot.

Agenda

Mr. Hanks reported a change in the order of the Agenda, noting Mr. Marchetti has to leave early and should follow Public Input with the report of the 2013 Audit. Director Power added discussion of the UERWA Agreement to the Agenda.

Future Meetings

The next regular meeting is scheduled for Wednesday, May 28, 2014 at the same time and location.

Public Input

Mr. Hanks introduced the encroachment agreement request for Andrew King's property located on North Fairway Drive at The Fairways, unit nine (9). Mr. King would like to extend his patio further toward the golf course into the BCMD utility easement. Mr. King noted the size of his current patio is too small to be functional. Mr. King was made aware that anything built in the easement could, at any time, be required to be removed should there be a reason to use this easement. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the encroachment agreement request by Mr. Andrew King to extend his patio onto the BCMD easement at his property at The Fairways on North Fairway Drive, unit nine (9).

2013 Audit

Mr. Marchetti discussed the 2013 Audit, referring to the preliminary draft provided in the Board Packet. Mr. Marchetti noted there were no issues or concerns with the 2013 Audit and the Audit Committee, Directors Elsner and Gary, concurred. Director Elsner recommended the approval of the

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2013 Audit to the Board. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2013 Audit.

Mr. Marchetti took time to discuss the potential bond issue. Should the bond issue election question pass the purchase of the bonds will be offered to residents of Beaver Creek prior to being made available to the public. Mr. Marchetti mentioned a tentative calendar would include mailing a letter or flyer to residents around June 26th with a date of availability of the bonds. Tim Kelley, a BC homeowner, noted his desire to be made aware of the availability date to purchase the bonds.

General Manager Update

Fire Station Update: Mr. Hanks updated the Board on the land for the new fire station. Closing on the property occurred Tuesday night at 5:45 pm and the District is now the owner of 1.1 acres on which to build a new fire station. The cost for the property was \$700,000 with the addition of \$1,935.00 in closing costs. \$10,000 is in escrow should there be any need for unforeseen cleanup after the snow melts. This issue needs to be taken care of by August 29, 2014. Mr. Hanks referred to Dominic Mauriello's proposal regarding a marketing strategy for the current site. In addition drawings are being created for the bid package for building a road to the new site. The next part of the process will involve selecting an architect by the end of the summer. An updated appraisal is being drafted by the appraiser of the current site. The Board noted the great work done by attorney Eric Jorgenson, Vail Resorts, and everyone associated with the project for getting the deal completed. It was decided to draft a resolution recognizing appreciation of all involved parties who have made this project a success to-date.

ERFPD Contract Renewal: Mr. Hanks informed the Board of the ongoing work to draft a final contract that BCMD and ERFPD can agree to. The contract is complete with the exception of one remaining issue, the cost related to maintenance of the fire trucks. BCMD is using Greg Perkins as an attorney and ERFPD is using Alan Pogue. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize the Fire Contract Negotiation Committee, consisting of Bob Gary and Jim Power, to negotiate the contract into its final form, bestowing upon them approval power. Upon the Committee's approval Mr. Hanks has the authority, as General Manager, to sign the contract between BCMD and ERFPD.

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Restrictive Covenant Acquisition: Mr. Hanks noted the Restrictive Covenant acquisition is moving forward at a slow pace with VR. The legal description of the Burdened Property has been received. Mr. Collins, having just received the report from the title company, suspects a possible error with an encumbrance but has not yet had time to investigate. He will do so as quickly as possible. The Buffer Zone property legal description is being developed and reviewed. The appraiser is working on a final copy which will include Director Elsner's thoughts. The map is the document that defines the Buffer Zone. The 45 day statute of limitations will run its course for any objections to be filed with Eagle County this coming Monday, making it fully legalized as of Tuesday. The underwriter's fee has been reduced.

Insurance Claim Recovery: The Board referred to the report included in the packet. Mr. Hanks noted one new possible claim involved a vehicle colliding with a plow truck on Offerson Road. The driver of the vehicle was on her cell phone at the time. No one was injured and no claim has been received. Another small claim involved a driver taking out a sign post in late March. The claim is small, \$700, and expected to be recovered soon.

Legal

Mr. Collins noted nothing of note on the legal front.

Financial Statements

Ms. Lewensten referred to the preliminary financials for March 2014 as presented in the Board Packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the March 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.

UERWA Agreement

Director Power reported to the Board negotiations continue toward an updated UERWA agreement. The existing agreement has been in place for a number of years and is in need of an update. Two clauses are being worked on. The first clause involves dissolution. Should the authority dissolve entities will take out water rights that were brought to the table to begin with in addition to their fair share of water rights, based on SFE

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equivalency, acquired since the agreement was first created. The second clause is similar, based on if one entity decides to exit the agreement. The idea is the same rule would apply, the entity would leave with its original rights plus its fair share of what has been added since the onset of the agreement. This issue, regarding a party withdrawing from the Authority, is being left as-is. While an attempt was made to get the same division of assets, it was apparent that unanimous consent would not be possible and it was therefore agreed to leave the terms of this paragraph unchanged. The authority agreement is currently being reviewed by independent counsel.

Other Business

Mr. Kelley noted his appreciation to the Board for all of the hard work they have put in over the past year.

Director Kreig informed the Board of a meeting at the Beaver Creek Golf Course related to the general health of trees along Village Road. The original 37 trees that were identified as being at risk a few years ago are currently seeing new growth but their lower limbs are dying and the trees will probably die. Three to five of these trees will be removed this year and 10 to 15 spruce trees will be planted. There is no long term plan, with only a year to year fix being implemented, which means new trees may very well meet the same fate. A plan is being put together to determine a long term strategic plan on how to address ailing trees, whether this involves a berm being installed or irrigation, the answer is yet unclear.

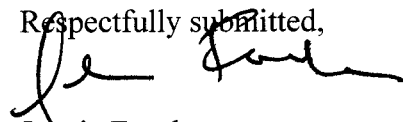
Homeowner Lin Bercher inquired as to when road striping will occur. Mr. Hanks responded road striping will take place the first part of June, in coordination with the Town of Avon. Village Road will be striped again in the fall. Chairman Balk noted to the audience the road report will be presented at the June meeting.

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 April 23, 2014

Respectfully submitted,



Jennie Fancher
Secretary for the meeting