
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT February 25, 2009

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., February 25, 2009 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

- Mike Balk
- Robert Gary
- Louis Kreig
- Ernie Elsner
- James Power

Also in Attendance were:

- Clyde Hanks, General Manager
- Jim Collins, Esq. District Counsel
- Ken Marchetti, CPA, Robertson & Marchetti, PC
- Kathy Lewensten, Recording Secretary
- Jenny Fancher, Administrative Assistant
- Tony O'Rourke, BCRC
- Dawn Friedman, BCPOA
- Sam Parker, BC public Safety
- Susan Hoffman-LeBlanc, BC property Owner
- Jim Kaylor, 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 Balk, Chairman of the Board, noting that a quorum was present. Director Balk 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 and a

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director of the Vilar Center for the Arts; Mr. Robert Gary is a member of the Board of Directors for Beaver Creek Property Owners Association and the Vilar Center for the Arts Committee; and Dr. Louis Kreig is a member of the Board of Directors for 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 January 28, 2009 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the January 28, 2009 Regular Meeting as presented.

Future Meetings

The Board reviewed the 2009 meeting dates. The next meeting is scheduled for Wednesday, March 25, 2009 at the same time and location.

Agenda

A request was made to add discussion of transportation funding.

Public Input

Ms. Hoffman-Leblanc reported there seems to be a lack of understanding regarding the roles and responsibilities of the various entities within Beaver Creek. She suggested an informational brochure or memo which describes the role and duties of the District, the Resort Company, the Property Owner Association and the various home owner associations may be helpful. It could be distributed to real estate professionals and potential homeowners or buyers. Mr. Collins offered to provide a brief summary of the District. The Resort Company will compile the information.

General Manager Update

Holden Road Recreation Trail: Director Power requested more information regarding the boulder retaining wall along the Holden Road skiway. Mr. Collins reported the wall was built within an encroachment that had been granted by Vail Associates as allowed under the joint easement for the property. It will remain in place. Mr. Hanks noted the homeowner is open to removing the rocks in the drainage area. He will be following up with the homeowner in

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the spring to discuss the matter further. Director Power noted the windrow at the end of the skiway has not been removed. Mr. Hanks stated he had spoke with Mr. Roberts to request this be done as part of the grooming. Mr. Hanks will also speak with the operations crew to see if they can provide any assistance.

Speeding: Mr. Kaylor and Mr. O'Rourke reported the Resort Company is considering purchasing solar powered speed monitoring devices for installation along the roadways to help curb speeding. A memo was handed out to the Board regarding the matter. There are two types of signs under consideration, one type displays the speed of the vehicle; the other type displays the speed of the vehicle and also has a digital recording photo camera. The camera would provide evidence that could allow the option of a more formal notification to violators. Director Power expressed concern about the placement of the speed monitoring signs. He cautioned they should not be placed within the bicycle lane as that may force bicyclists out into the traffic lane. Ms. Hoffman-LeBlanc requested the speed limit on Offerson be reviewed noting it is currently 15 mph which may be too slow for proper traffic flow. The Board directed Mr. Hanks to meet with Mr. Parker and Ms. Hoffman-Leblanc to review the matter and to provide recommendations for consideration at the March meeting.

Proposed Ski Area Legislation: Mr. Hanks stated Vail Resorts was asking the Board for support for proposed legislation being promoted by the National Ski Association which would allow the local U.S. Forest Service office to approve summer use of the ski area's forest service land on a case by case basis. The current U.S. Forest Service ski area permit allows use for alpine and nordic skiing in the winter. The types of summer use being proposed are broad in nature. The Board discussed the pros and cons of the matter. Ms. Friedman reported the BCPOA has chosen to not provide a letter of support for this legislation. It was noted the legislation would apply to all ski areas within U.S. Forest Service land throughout the United States not just the local ski areas. The Board chose not to provide support at this time and tabled the matter.

Pines Townhomes Road

Mr. Hanks stated he had provided information prepared by Mr. Collins regarding forming a Sub-District to the Pines Lane

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representatives to consider while addressing concerns with their roadway. Their respective boards are reviewing the information. It was noted the Pines Lane residents would be responsible for any costs associated with analyzing the benefits of formation of a Sub-District for their area. Mr. Collins handed out for consideration a Reimbursement Resolution which would allow the District to recover any expenditures related to this matter. Upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the Reimbursement Resolution as presented, which is hereby attached to become part of the minutes.

The Board remarked the analysis may be of benefit to other homeowners associations if they are in a similar situation with their private roadways within the District.

Legal

Mr. Collins provided a Transfer of Rights Agreement to the Board for consideration. He explained this agreement relates to a dispute in regards to a small parcel of land included in the initial purchase of the Eagle-Vail property by Vail Resorts. Vail Resorts purchased the entire parcel from Public Service. The District then purchased its portion of the property from Vail Resorts. After the purchase it was necessary for Vail Resorts to file a claim with the Title Company for a small section of property which was not properly owned by Public Service Co. Since the District purchased its portion of the property from Vail Resorts it is not directly affected by the title claim. Mr. Collins recommended approval of the Transfer of Rights Agreement subject to final release by District Counsel. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize execution of the Transfer of Rights Agreement as presented subject to final approval and release by Mr. Collins.

Equipment Purchase/Lease

Mr. Marchetti reported the District has taken delivery of the 2004 Unimog Snowplow. He requested the Board consider approval of a Reimbursement Resolution which would allow the District to pay cash for the equipment now but reserve the right to reimburse itself within the next year from lease proceeds if it desired. This would

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allow the District flexibility if interest rates become more favorable. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve payment for the 2004 Unimog Snowplow from cash reserves, and

FURTHER RESOLVED to approve a Reimbursement Resolution related to the purchase, the resolution is hereby attached to become part of the minutes.

Bond Refunding

Mr. Marchetti provided a handout concerning a potential refunding of the 1998 GO bond debt which had been emailed to the Board prior to today's meeting. He explained interest rates appear to be favorable to refund the remaining 1998 GO Bond debt. It appears the District may be able to save approximately \$250,000. The Board asked if any direct placement proposals had been requested. Mr. Marchetti responded they had not but offered to send out Requests for Proposals. Mr. Marchetti noted it would be prudent to move forward as soon as possible due to the fluid nature of interest rates. The Board directed Mr. Marchetti to work with Director Elsner regarding the matter. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve in principle the refunding of the 1998 GO Bond debt subject to review by Mr. Marchetti and Director Elsner.

Other Business

The Board had received a letter from Eagle County regarding its emergency response notification system. The County wanted the Board to know the capabilities of the system. Director Balk asked Mr. O'Rourke how the data collection for the red phone system was progressing. Mr. O'Rourke replied there has been a slow response from homeowners. It was suggested the form that was mailed out may need to be revised with mandatory and optional sections to encourage a more expedient response. Mr. O'Rourke stated it was hoped the majority of the data would be compiled by summer.

Transportation Funding

Mr. O'Rourke requested consideration by the Board of an increase in the District portion of funding for the transportation system. He

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handed out a memo which reviewed the funding and expenditures for the transportation systems. He asked the District to consider contributing more to the transportation system by increasing the mill levy. He explained the property tax mill levy for transportation was originally 12.22 Mills in 1998 but due to tax limitations it has been reduced to 7.449 Mills in 2008. The amount of property taxes generated has increased slightly, however he noted the expenditures have increased substantially. Currently BCRC provides the funding for the difference between the taxes collected and the total costs for the transportation expenditures. He reminded the Board BCRC has the ability to use common assessments to help cover its portion of the costs. It was noted property taxes would be deductible where common assessments are not. Any increase in the mill levy would need to be approved in an election. Mr. Hanks suggested the expenditures should be reviewed to see if any cost savings exist. Mr. O'Rourke stated he felt the systems have been properly managed and that costs have been kept within reason. The Board directed Mr. Hanks to analyze the matter for further consideration at a future meeting.

Financial Statements

The Board reviewed the January 2009 preliminary financial statement included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the January 2009 preliminary financials as presented.

Accounts Payable

The Accounts Payable listing was reviewed. Director Elsner asked if Municipal Recoveries receives payment based on the complexity of the claim. It was reported they do not, the Municipal Recoveries agreement states the percentage it will get paid based on the amount of the claim. The District does have the right to withdraw any claim from being processed by them. Mr. Collins will provide a copy of the agreement to the Board members. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Beaver Creek Beautification

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“Project Legacy”

Mr. Hanks reported the Project Legacy committee had met with Design Workshop to identify portions of the project that may be considered for this year. They identified two sub-projects for consideration, one sub-project is improvements to the front entrance and gatehouse area; the other sub-project was signage improvements. Design Workshop provided additional services proposals for the work. The estimated cost for improvements in the front entrance and gatehouse area is \$733,000 plus \$46,000 for Design Workshop services such as designing and overseeing the bidding and construction of the sub-project. The estimated cost for the signage improvements is \$ 1.1 million plus \$46,500 for Design Workshop services.

The Board asked if BCRC would be able to provide funds for the sub-projects. Mr. O’Rourke explained although BCRC would like to see the sub-projects move forward it does not appear BCRC will be in a position to provide any funds for the construction portion of the project until possibly 2010. Director Elsner asked if BCRC could give any assurance they would be able to pay or match spent funds in the future. It was suggested it may be possible to draft an agreement with BCRC that indicates their intent to match funds. The Board discussed whether the District should move forward with the understanding BCRC will match funds spent when they are able to do so. After discussion the Board determined the District would consider advancing \$500,000 for the sub-projects if an agreement can be reached with BCRC regarding matching the funds in the future. The Board directed Mr. Collins to draft an agreement which would commit BCRC to their portion of the funding with a provision which would allow the District recourse if the funding was not provided in a timely manner. Mr. O’Rourke restated BCRC’s commitment to the project noting there may be cost savings if the project moves forward this year. Other funding alternatives were discussed, such as the issuance of bonds with the District and BCRC cost sharing the bond payments.

The estimated costs of the two sub-projects were reviewed. The Board concentrated on the front entrance and gatehouse area estimate. It was thought due to the economy it may be possible to realize some cost savings for the sub-project. Mr. O’Rourke offered the services of BCRC to coordinate obtaining bids for the sub-project to save costs in that area. After discussion the Board directed moving forward with the planning and bidding for the

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front entrance and gatehouse sub-project with the understanding no firm commitments will be made until an agreement is reached with BCRC regarding funding. The intent would be to complete this sub-project in its entirety for \$500,000. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize the design and construction of the front entrance and gatehouse portion of Project Legacy on a not to exceed basis of \$500,000, subject to completion of a funding agreement with Beaver Creek Resort Company.

Mr. Hanks and Mr. O'Rourke will meet with the Project Legacy committee next week to begin the process of moving the planning and bidding for the project forward.

Executive Session

Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session citing §24-6-402(4)(e) C.R.S. and §24-6-402(4)(f) C.R.S. for the purpose of determining positions related to matters that may be subject to negotiations and personnel matters. The Board entered into executive session at 11:10 a.m. and returned at 11:45 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 Regular Meeting of the Beaver Creek Metropolitan District Board of Directors held on February 25, 2009.

Respectfully submitted,

Kathy Lewensten
Secretary for the meeting