
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT May 24, 2006

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., May 24, 2006 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

- Stephen Friedman
- John Forstmann
- John Wells
- Al Miencuszny
- Mike Balk

Absent and excused were Directors:

- Ernie Elsner
- Robert Gary

Also in Attendance were:

- Clyde Hanks, General Manager
- Jim Collins, Esq., District Counsel
- Ken Marchetti, CPA, Secretary
- Kathy Lewensten, Recording Secretary
- Tom Schouten, BCPOA
- John Garnsey, COO Beaver Creek
- Bill Simmons, Operations
- Andy Gunion, East West Partners
- Ronald Kowalski, East West Partners
- Jim Telling, East West Partners
- Tony O'Rourke, BCRC
- Jim Funk, BC Public Safety
- Karen Sheaffer, Eagle County Treasurer

Call to Order

The Regular Meeting of the Board of Directors of Beaver Creek Metropolitan District was called to order by Director Friedman, Acting Chairman of the Board, noting that a quorum was present. Director Friedman 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.

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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. Stephen Friedman is a board member of the Beaver Creek Arts Foundation which operates the performing arts facilities within Beaver Creek; and Mr. John Wells is President of The Pines Townhomes at Beaver Creek Condominium Association; Mr. John Forstmann is a board member of the Beaver Creek Club. 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 April 26, 2006 Regular Meeting. Upon motion duly made and seconded, it was, unanimously,

RESOLVED to approve the minutes of the April 26, 2006 Regular Meeting as presented.

Future Meetings

The next regular meeting is scheduled for Wednesday, June 28, 2006, at 8:30 a.m. in the same location.

Oaths of Office

Three new Board members were elected in the May election for terms through 2010. Ms. Lewensten administered the Oath of Office to Mr. Mike Balk. Mr. Ernie Elsner and Mr. Robert Gary had taken their oaths of office prior to today's meeting. The Board and Mr. Hanks expressed appreciation to Director Wells and Director Miencusny for their years of service on the Board.

Election of Officers

The Board tabled the matter of election of officers until the June meeting. Mr. Collins reminded the board that Mr. Marchetti acts as the Secretary for the District. The Board confirmed Mr. Marchetti's position as Secretary and by motion duly made and seconded, it was unanimously

RESOLVED to elect Director Friedman as Acting Chairman until the next Board meeting.

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Appointment Of Delegates

The Board tabled the matter of appointment of delegates until the June meeting.

Public Input

Ms. Sheaffer, the Eagle County Treasurer, appeared before the Board. She explained she was up for re-election this fall and was interested in receiving feedback regarding the services her office provides. The Board asked about the 3% treasurer's fees the County collects from the Districts. They questioned whether this truly reflects the actual costs the County incurs. Ms. Sheaffer explained this fee is set by the State, noting the fee differs for metropolitan districts (3%), towns (2%) and school districts (.25%). The Board stated it did not seem fair the towns were only charged 2% while the Districts are charged 3%. She explained the towns have other revenue sources besides property taxes such as license fees. The Board asked if she would be willing to support a treasurer fee reduction request if one were taken to the commissioners. She stated she would provide the data on costs for her office but did not have a direct relationship with the commissioners. She stated an estimate of the office's costs would be approximately 1% to 2% of the total taxes collected. She mentioned the turnover rate for employees within the department is low, and that the office strives to be as efficient as possible. She reported the Counties portfolio has grown while she has been in office. The Board asked about the reserves held by the County. She stated the County currently has approximately \$17 million in reserves. She thanked the Board for taking the time to meet with her.

Agenda Changes

No changes were made to the agenda.

Village Walk and BC Landing Updates

Mr. Telling stated 21 of the 26 units in the Village Walk project have been sold. The first units should be ready for occupancy in November with the last units being finished next summer. Mr. Garnsey stated he had witnessed trucks using their jake brake excessively and requested this be monitored more carefully. Mr. Telling will remind the truckers about the limited use of jake brakes. The Board discussed Village Walk Road and the potential

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acceptance of the roadway into the District. Mr. Hanks recommended the District take the acceptance under consideration after two winter seasons. Mr. Telling explained the roadway had been designed to the District specifications including a wide turnaround at the cul-de-sac to help with equipment turns.

The first phase of the BC Landing project is expected to be complete next April. The second phase should be complete by late June of next year. Mr. Telling is trying to coordinate the parking and material storage at the project as best as possible. No other issues are known.

BC Landing Plaza/ Upper Gondola Terminal

Mr. Kowalski reported on progress made on the gondola project. The drainage pipe down Prater Road is in place. The Tee box has been relocated and will be landscaped shortly; it should be ready for use by early June. The infrastructure at the upper terminal site should be complete by the end of June. Doppelmayr has started work on the tower foundations. Mr. Kowalski explained the towers will be set by helicopter. The Board requested East West keep the golf course personnel and the nearby neighbors informed regarding the timing of the placement of the towers. It is anticipated the gondola will be ready for operations the winter of 2007/2008.

Bachelor Gulch Proposed Construction Traffic Regs

Mr. Garnsey reported BCPOA and VR gave official notification to BGMD that there was no interest in negotiating a sunset to the construction traffic over the access road into Strawberry Park. The perception after the last months meeting was that BGMD would not be receptive to alternatives nor negotiations. BGMD will be meeting at noon today to continue discussion on the matter. It is assumed BGMD will implement a restriction on the construction traffic into Strawberry Park. The enforcement of this will fall to Public Safety which reports to BGVA. Mr. Garnsey and the Board discussed enforcement of the regulation if implemented. Mr. Garnsey stated BGVA would need to meet to accept or deny the regulation since BG public safety reports to them. If BGVA concludes it is obligated to uphold the regulation and the traffic is sent through Beaver Creek, Mr. Garnsey expressed concern that

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Strawberry Park not become landlocked under those circumstances. The Board continued discussions regarding the matter noting the District would expect VR will be aggressive in enforcing the agreements.

General Manager Update

Eagle-Vail Admin Maint Facility: Mr. Hanks reported the security system has been installed and is working. The Fuel tank system should be operational by the next meeting. It appears Hyder will not complete the outside work by June 1. The Board directed Mr. Hanks to put in writing a list of what remains to be finished.

Village Road Slope Failure: Mr. Hanks reported the soils report has been received from HP Geotech for the slope failure area. He met with Alpine Engineering (AEI) and HP Geotech to discuss options for mitigation of the area and referred to the information in the packet. If nothing is done the roadway and slope are in danger of continuing to slide. The angle of the slope is too steep. The District responsibility is for the roadway and the related easement. The slope land outside of the roadway and easement is owned by VR and would be their responsibility. It would be prudent to remedy the situation prior to next spring's runoff. The Board noted due to the failure of the slope which is contributing to the roadway issues the cost of the mitigation should be shared by VR. The District and VR will need to work together towards a solution. Mr. Garnsey stated he needs to have VR engineers review the matter before he can discuss the subject or commit to any cost sharing. The Board directed Mr. Hanks to work with VR to prepare estimated costs for mitigation with a method of allocating those costs prior to the next meeting. The Board noted it was interested in understanding what must be done versus what can be done and having sufficient information to make an informed decision.

Crosswalks: Mr. Hanks referred to the memo in the packet regarding crosswalks and speed humps. He explained the flashing signs discussed at the last meeting have been removed from consideration. The proper placement of speed humps was discussed. Mr. Hanks explained there was an area on Offerson Road above the Hyatt that would be a logical location for a speed

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hump. The other crosswalks would have improved signage and contain a different texture of material for the crosswalk. Mr. Hanks stated he would like to look at extending the rail fence by the covered bridge bus turnaround to encourage more consistent use of the crosswalks in the area. He will obtain potential bids for the work as discussed above for the next meeting.

BC Fire Station Capital Improvements: Mr. Hanks stated he had met with Chief Moore and an architect at the BC Fire Station to review potential capital improvements. The architect will develop a comprehensive list with estimated costs for discussion at a future meeting.

N. & S. Fairway Overlay: Mr. Hanks reported Schmuesser Gordon Meyer has been retained to oversee the overlay project on North and South Fairway Drive. They are moving forward to obtain bids for the project.

Minor Encroachments: Mr. Hanks reported he was in the process of reviewing several minor easements related to landscape improvements. The Board directed Mr. Hanks to take care of routine encroachments as they arise, but to bring any unusual requests to the Board for review.

Red Spruce Lane: Mr. Hanks referred to the letter which had been e-mailed to the Board prior to the meeting from Mr. Roggensack regarding a drainage issue at 27 Red Spruce Lane. He noted the Board had discussed the matter last fall and had agreed to review it further this spring. Mr. Hanks had met with Mr. Roggensack, Mr. Schlegel (BC Operations) and Mr. Palmer (AEI) on site to review the matter. It had been suggested the placement of a swale or gutter along the roadway may help with drainage but may not fully solve the issue. One concern raised by Mr. Roggensack was water coming from the transformer and along the electrical conduit. The operations crew obtained access to the transformer pit and reported it was dry. The Board questioned whether this was strictly a District issue. Director Forstmann suggested an engineer be retained to determine any District responsibility and to make recommendations to the Homeowner how to remediate the matter. If the engineer determined it was not a District responsibility, the homeowner would need to pay the cost of the remediation. If there is District responsibility the District would cover the cost of the

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engineer and the remediation. Mr. Hanks will coordinate with Mr. Roggensack regarding the matter and report back to the Board at the next meeting.

St James Rock Wall: Mr. Hanks reported he had been contacted by the St. James regarding damage done to the rock wall during snow removal. He explained the wall is built on an encroachment in the District right of way. Due to this the District should not be responsible for any repair costs.

Legal Matters

Vilar Capital Funding: Mr. Collins referred to the draft Memo of Understanding (M.O.U.) in the packet regarding the property taxes for Vilar capital improvements being collected by the District through the new mill levy. The MOU had been prepared per direction given by the Board at last months meeting. Mr. Collins would like to present this to Ms. Folz for review and comment. The Board directed him to do so.

AEC Claim: Mr. Collins reported no response has been received from AEC as to whether they had alerted their insurance company about the District's claim for approximately \$11,000 in charges that appear to be due to design failures.

UERWA

Director Friedman reported ERWSD May election had resulted in five new board members. He will be attending the ERWSD meeting tomorrow to encourage a partnership between UERWA and ERWSD going forward.

Other Business

Director Balk asked about the fire mitigation plan which had been developed some time ago and where it stands. The plan has not moved forward as expected or hoped. Director Friedman offered to contact Mr. Garnsey to begin the process of bringing the matter back into focus for action.

Financial Statements

Mr. Marchetti reviewed the April 2006 preliminary financial statement included in the packet. He noted the slope side repairs discussed above had not been budgeted for and would need to be covered by the contingency and discretionary funds. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the March 2006 preliminary financials as presented.

Accounts Payable The Accounts Payable listing was reviewed. It was reported the District is expecting a \$10,000 payment from VR as contribution towards the new Sidewalk tractor. The District had budgeted \$75,000 towards the purchase however the tractor Mr. Hensel chose was \$85,245 so Mr. Hensel had received approval from VR to offset the difference. By motion duly made and seconded, it was unanimously

RESOLVED to approve 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) (e) C.R.S. for the purpose of determining positions related to the District's Market Square Unit. The Board entered into Executive session at 11:05 a.m. and returned at 11:10 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 May 24, 2006.

Respectfully submitted,

Kathy Lewensten
Secretary for the meeting