
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT June 23, 2010

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., June 23, 2010 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
- James Power
- Ernie Elsner

Also in Attendance were:

- Clyde Hanks, General Manager
- James Collins, Esq, Collins Cockrel & Cole
- Ken Marchetti, CPA, Robertson & Marchetti, PC
- Kathy Lewensten, Recording Secretary
- Jennie Fancher, BC Admin Assistant
- Dawn Friedman, BCPOA
- Tony O'Rourke, BCRC
- Sam Parker, BC Public Safety
- Bill Simmons, BC Village Operations
- Glen Palmer, Alpine Engineering Inc.
- Dale Decker, PE
- Jonathan Heroux, Piper Jaffray
- Ceil Folz, Vail Valley Foundation
- Kris Sable, Vilar Center for the Arts

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. 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,

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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 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, Vail Valley Foundation 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 May 26, 2010 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the May 26, 2010 Regular Meeting.

Future Meetings

The Board reviewed the 2010 meeting schedule included in the packet. The next regular meeting is scheduled for Wednesday, July 28, 2010 at the same time and location. The Board discussed setting a date for a work session for public presentation of the Village Road information for comment. At the end of the meeting it was determined the work session will be scheduled for Friday, July 16th at 2:00 p.m. at a public location to be determined.

Agenda

No changes were made to the agenda.

Vilar Capital Projects Annual Report

The Board turned its attention to the Vilar Center for the Arts Annual Report which had been included in the Packet. Mr. Sable was in attendance to present the information. Mr. Sable thanked the District for its continued support. He reviewed the expenditures noting they try to keep expenditures as close to budget as possible. The Board asked if the expansion is under consideration. Mr. Sable explained the expansion project is estimated to be in the \$4.5 to \$5 million range and that there does not appear to be an immediate need for the expansion so it has

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been delayed indefinitely. The Board complimented Mr. Sable on the center commenting it is well maintained and noting the good job he does. 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.

Public Input

World Cup: The Board requested an update from Ms. Folz regarding the World Cup. Ms. Folz reported Beaver Creek had just recently been awarded the World Cup for 2015. She explained a committee will be organized with representatives of the various entities in the valley for help with the planning process. The District will be asked to provide a representative. Some matters that will need to be considered include transportation, roadway improvements to the race sites, and parking. She expects to have a better idea of what will be needed in late summer and will approach the Board with more information as soon as possible.

Bond Market Discussion

Mr. Heroux stated he was present to discuss matters related to potential bond issuances. He referred to the information related to bonds which had been included in the packet and provided an additional hand out to the Board. He reviewed the analysis of issuing Build America Bonds (BAB) compared to Tax Free Municipal Bonds. He noted it is expected the BAB subsidy percentage will be decreased in the coming years so the best BAB rates will be in 2010. The Board asked questions about other types of financing such as private or daily floater bonds. The pros and cons were discussed. Mr. Heroux pointed out there are several ballot questions, Proposition 101 and Amendments 60 & 61, that will appear on the November ballot that will affect a District's ability to issue long term debt if passed. The Board had received information regarding the ballot questions at the last meeting. The timing of the issuance of a bond and use of the proceeds was reviewed. The District should have an expectation of using the funds within three years of issuance. The District would need to have an election for debt authorization by the constituents prior to the issuance of any new bonds.

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November Election The Board discussed the possibility of the need for an election this November to obtain voter authorization for issuance of debt to fund projects such as village road improvements, project legacy and/or the relocation of the fire station noting no decision has been made to proceed with any of the projects but that they would all require additional bond or debt issuance to complete. Mr. Collins stated the District will need to notify the Eagle County Clerk by July 23rd if there is interest in having an election in November. Notification to the county does not require the District to hold an election if no need exists. He explained the District may go to voters in November for debt authorization noting if the authorization passes it does not obligate the District to issue the debt. Ms. Lewensten reported she had responded to a questionnaire by Eagle County that the District was considering a November election. Director Elsner pointed out he would have preferred the Board had been notified prior to sending a response to Eagle County. Upon motion duly made and seconded, it was by a vote of four (4) Ayes and one (1) Nay

RESOLVED to ratify the notification to Eagle County of a potential November 2010 election.

Project Legacy Mr. O'Rourke expressed a desire to have Project Legacy complete by 2015 for the World Cup. He reported BCRC will be discussing the matter at their meeting tomorrow morning. He was optimistic BCRC will have adequate balances to provide funding for half of the cost of the project. Director Elsner stated he would like the District to have a guarantee from BCRC for their half of the funding. Mr. O'Rourke suggested getting the advisory committee back together to discuss the project and the related funding.

Mr. Hanks reported the protocol and guideline document for signage has been requested from Design Workshop. The approximate cost will be \$50,000 which will be split 50/50. It is expected to be complete by late summer. BCRC would like to replace signs in the Village core this fall.

General Manager Update

Holden Road: Mr. Hanks reported Holden Road was been re-surveyed. The results will be reviewed in the coming weeks. It does not appear the roadway returned completely to the original level.

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Wildland Fire Truck: Mr. Hanks reported ERFPD does not wish to keep the old wildland fire truck as a back up and again suggested donating it to CMC. He said it appears the resale value of the old truck is approximately \$25,000. In light of this he was recommending selling the vehicle instead of donating it. The Board tabled the discussion to executive session.

Bears in Village: Mr. Hanks reported public safety had trapped two bears in the Village that were return visitors and had become a nuisance. The bears were euthanized by DOW due to the repeated nature of their visits. He explained they will be taken to a taxidermist and used for educational purposes. He suggested the District consider funding the taxidermist at a cost of \$4,000. Director Elsner was opposed to the idea. Director Krieg stated it would be a good educational tool. After discussion the Board determined they would prefer to not financially support the “stuffing of the bears” by the taxidermist nor did they wish to see the finished product exhibited anywhere on District property. Upon motion duly made and seconded, it was by a vote of four (4) ayes and one (1) nay

RESOLVED to not provide funding for the taxidermist services nor allow the display of the finished product on District property.

Miscellaneous: Director Power asked whether there will be a flashing sign by the sharp curve around the golf clubhouse on Offerson Rd this season. Mr. Hanks replied he will follow up on the matter. Director Power asked about the sign that was to be posted on the trail by 490 Holden Road noting new staking has appeared along the trail. Mr. Hanks stated the sign had been ordered and he will look into the staking.

Director Gary asked about the status of any insurance claims for damage done to District property this year. Mr. Hanks stated there have been two incidents, in one instance a lamp post was hit however no one knows who did the damage, in the other instance a guardrail was damaged and the District has received reimbursement. Director Gary asked for a monthly report in the board packet which tracks the incidents.

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Legal

Water Matters: Director Power asked the status of the public records request from the State of Colorado regarding the District and UERWA. Mr. Collins replied the matter appears to have been settled on Monday. He was not familiar with the settlement points but explained points of diversion were the subject of the settlement.

Village Road

The draft "Village Road Analysis" report had been provided to the Board prior to today's meeting for review and comment. Mr. Hanks stated Mr. Decker and Mr. Palmer are in attendance today to help present the material and to answer any questions the Board may have.

Mr. Hanks pointed out the Analysis begins with an executive summary with the supporting documentation from the various studies included as well. Director Elsner commented the report shows it was prepared by the District when in fact it had been prepared by Mr. Hanks and the engineers. Mr. Hanks will revise the cover page to reflect it was authored by the Professionals and himself not the District Board.

Mr. Decker presented a power point presentation of basic pavement design and structure. He reviewed asphalt terminology and presented pictures of common failures. He explained the first step to take is to do a pavement evaluation, the next step is to determine the best solution between patching, paving or replacing. The professionals hired by the District have been evaluating Village Road with deflection testing, trenching and soils testing over the last two seasons.

Mr. Hanks reviewed the executive summary findings and conclusion. He explained after the testing results were reviewed it was determined the main cause of the various failures along Village Road are due to a poor quality of the bottom layer of asphalt. Village Road received an overlay four years ago. Normally minimal patching is required for the first five years after an overlay, the number and size of patches already being done along Village Road indicates an underlying issue. Exploratory trenches confirmed the original asphalt layer is not stable and is deteriorating along with a considerable variation in the depth of asphalt. Two alternative solutions were presented for

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consideration, full depth patching and a complete rebuild of the road.

Full depth patching removes all asphalt layers to the sub-grade then rebuilds the roadway to current level. The roadway would retain a patchwork look. The aesthetics could be partially mitigated by applying a sealing layer over the entire roadway which would present a unified color but not completely hide the various edges of the patches. The patching would not address any issues with curb and gutter along the roadway. It is expected there would be an average of 10 patches per year at a cost of \$9,000 to \$13,000 per patch, or approximately \$130,000. The patching would be an annual disruption along the roadway. The District could fund the patching out of general fund revenues instead of a bond issuance. Depending on future operations needs and assessed valuation the District may need to consider an increase in the general fund mill levy to help cover the additional annual expenditure.

A complete rebuild of the roadway would cost approximately \$4.5 to \$5 million. The project would take three shoulder seasons to complete. It is expected after the rebuild the roadway would have a structural life of approximately 50 years with normal maintenance. The curb and gutter would be part of this project. The inclusion of improvements from project legacy such as crosswalks, guardrails and reconfiguration of Prater Road could be considered for incorporation with the rebuild. The addition of these improvements would increase the cost of the project to approximately \$6 million. Director Power expressed his opinion that the more recent engineering studies confirmed the original study that the underlying support layer needed to be changed. He suggested that the District should move on a program to replace Village Road over the three Fall seasons - 2011, 2012, and 2013. He suggested that the District consider the initial work to be between N. Holden Road and S. Holden Road. That way if there were any unanticipated events traffic could be diverted along Holden Road and the experience gained would be useful in subsequent years of the project. The District would need to receive voter authorization for issuance of debt to cover the cost of the rebuild.

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The discussion continued with the Board and professionals reviewing the details including the pros and cons of each alternative. No catastrophic failure is anticipated for the roadway. The Board asked Mr. Hanks to prepare a cost analysis for the two alternatives showing the annual cost over the years. The Board requested the Analysis report be revised per the discussion today and sent to the Board for review along with the cost analysis.

The Board scheduled a public work session for Friday, July 16th at 2:00 p.m. for presentation to and comment from the community. The meeting will be held in Beaver Creek at a location to be determined. Ms. Friedman offered to provide the work session date to the BCPOA through their email contacts, she requested a copy of the revised report and the cost analysis prior to that date.

Executive Session

Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session citing §24-6-402(4) (b) and (e) C.R.S. for the purpose of receiving advice of counsel and determining positions related to matters subject to negotiation regarding BCRC and disposal of the old wildland fire vehicle. The Board entered into executive session at 11:25 a.m. and adjourned the executive session at 11:50 a.m.

Upon returning to regular session the Board appointed a fire station committee of Director Power and Director Krieg to work with Mr. Hanks regarding a potential relocation of the fire station up by the water tank.

After discussion in executive session it was determined the District would sell the old wildland fire truck. Upon motion duly made and seconded, it was unanimously

RESOLVED to direct the sale of the old Wildland Fire truck with the proceeds placed into the general fund.

Financial Statements

The Board reviewed the May 2010 preliminary financial statement included in the packet. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the May 2010 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.

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 June 23, 2010.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Secretary for the meeting