
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT June 28, 2006

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., June 28, 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
- Mike Balk
- Ernie Elsner
- Robert Gary

Absent and excused were Directors:

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
- Jim Telling, East West Partners
- Tony O'Rourke, BCRC
- Jim Funk, BC Public Safety
- Joyce Mack, Eagle County Assessor
- Suzanne Hoffman-Leblanc, BC Property Owner
- Jim Kaylor, BCRC
- Glen Palmer, Alpine Engineering, Inc.
- Frank Harrison, Golder Associates (via phone)

Call to Order

The Regular Meeting of the Board of Directors of Beaver Creek Metropolitan District was called to order by Director Friedman, 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.

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

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; Mr. John Forstmann is a board member of the Beaver Creek Club; and Mr. Michael Balk is a director of the Beaver Creek Property Owners Association and a director of the Vilar Center for the Arts. 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.

Public Input

Ms. Joyce Mack, the Eagle County Assessor, introduced herself to the Board. She explained she was up for re-election this fall and was interested in obtaining feedback regarding the services her office provides. She stated her office strives to be consistent and to communicate openly with the constituents. She noted there were issues in the past related to other district boundaries that were not properly reflected, these have now been corrected. Her office is working on reviewing mapping and boundaries to ensure there are no other discrepancies. The Board asked how assessed valuations differentiate between a furnished or unfurnished sale of a residence. Ms. Mack responded appraisals are done on a mass basis but that she would take this under consideration. She noted the office needs to abide by state statutes so she is limited by the statutes as to changes that can be made to the appraisal process. Mr. Kaylor asked how policy for the appraisers is set. Ms. Mack stated the appraisers are licensed through the Colorado Appraisal Institute and are required to stay within the confines of the license ethics requirements. She thanked the board for taking the time to meet with her.

Election of Officers

Mr. Collins discussed the election of officers. Director Balk nominated Director Friedman for Chairman/President, Director Elsner seconded the nomination. Upon motion duly made and seconded, by a vote of four (4) Ayes and one (1) Nay (Director Forstmann) it was

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

RESOLVED to approve Director Friedman as the Chairman/President of the Board.

Director Gary nominated Director Elsner for Treasurer, Director Friedman seconded the nomination. Director Forstmann nominated Director Balk for Treasurer, Director Friedman seconded the nomination. A secret ballot was taken by the Board, upon a vote of four (4) for Director Elsner and one (1) for Director Balk, it was

RESOLVED to approve Director Elsner as Treasurer.

The remaining offices were discussed and opened for nominations. Directors Forstmann, Gary and Balk were nominated for Vice President, Assistant Secretary/Treasurer. Mr. Marchetti was nominated as Secretary. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve Directors Forstmann, Gary and Balk as Vice President, Assistant Secretary/Treasurer, and Ken Marchetti as Secretary.

Appointment Of Delegates

The Board discussed the delegates it would need to appoint to Upper Eagle Regional Water Authority (UERWA) board. Currently, Director Friedman has acted as the delegate to UERWA and requested to continue his appointment. Mr. Hanks is currently the alternate. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve Director Friedman as the delegate to UERWA, with Mr. Hanks as the alternate.

The Board discussed the appointment of the delegate to the ECO Board. Mr. Hanks has served as the District's delegate for the past few months. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve Mr. Hanks as the delegate to the ECO board.

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

Minutes

The Board reviewed the minutes of the May 24, 2006 Regular Meeting. At the top of page 5 a revision was made to the final sentence of the paragraph. Upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the minutes of the May 24, 2006 Regular Meeting as revised.

UERWA

Director Friedman gave a brief update regarding water matters. He requested time be scheduled at a later meeting for a more thorough discussion. He noted the water supply is good. The stream flows are higher than in 2002. The snow melt occurred faster than anticipated this year so it is hoped July will bring some rain. If July is a dry month there is a possibility of some restrictions being placed on irrigation and watering. The Wolcott reservoir is still under consideration, this is a long term matter that will involve negotiations and discussions with the City and County of Denver.

Future Meetings

The next regular meeting is scheduled for Wednesday, July 26, 2006, at 8:30 a.m. in the same location.

Agenda Changes

Ms. Hoffman-Leblanc was added to the agenda under public input; wildfire mitigation was added under action and discussion items.

Village Walk and BC Landing Updates

Mr. Telling reported there are no known issues with the Village Walk and BC Landing projects. The roadways have been kept clean, and there have been no noise complaints. The first units of Village Walk should be ready for occupancy in November with the last units being finished next summer. The BC Landing project has been sold out. Mr. Kaylor thanked Mr. Telling for the efforts made to control the jake brake noise from the trucks.

BC Landing Plaza/Upper Gondola Terminal

Mr. Gunion presented a brief report on the gondola project. The upper terminal site work and utility relocation are nearing completion. The concrete for the upper terminal and the towers

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

will be poured in late July. The machinery and equipment is scheduled to be put in place in September. The cable and cars will be placed next spring. They have been trying to keep the disruptions on Prater Road to a minimum. Director Forstmann asked about the trees that are to be planted along the back of the upper terminal by tee box # 9, noting the trees along Prater Road were planted as promised. Mr. Gunion stated they were hoping to complete the foundation work prior to planting the additional landscaping so it would not be disturbed by the construction. He offered to look into the matter. Mr. Garnsey offered to speak with Mr. Miner with the Beaver Creek Golf Course to see what the plan is and whether any landscaping can be done sooner.

Public Input

Ms. Hoffman-Leblanc asked the Board to consider a formal assessment of security matters. She urged the District to use an assessment to study the security risks within the District and to provide input on the organizational structure for providing security. She noted last year a proposal had been requested and obtained from Infinite Security to do such an assessment. However the proposal had not been presented to the Board for any action. She offered to provide a copy of the proposal and requested the Board review it and consider commissioning the assessment. The Board pointed out the District does not have the authority to directly provide security services. It would need to obtain permission from BCRC if it would wish to provide such services. The Board noted it would be prudent to obtain other proposals for any assessment that may be considered. Mr. Schouten stated the BCPOA executive committee supports an assessment. It was suggested the assessment could be undertaken as a joint effort of the District and BCRC as a benefit to Beaver Creek. Mr. O'Rourke stated he looked forward to a productive discussion of the matter.

General Manager Update

Village Road Slope Failure: Mr. Hanks introduced Mr. Harrison from Golder Associates who joined the meeting by phone to discuss the slope failure on Village Road. Mr. Hanks distributed Alpine Engineering Inc.'s opinion of probable costs and Golder Associates quantities and cost estimates for Village Road embankment remediation. He had met with Mr. Palmer and Mr.

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

Harrison prior to today's meeting to discuss alternatives for remediation of the slope failure. At their meeting it was determined the initially proposed remediation would be inadequate. The initial proposal had been determined by looking at the minimum that could be done to address the issue however after further review it appears a more in depth solution would be a wiser choice as a long term solution. Remediation is necessary as the slope will continue to fail in coming years. One alternative would be to relocate the roadway to the South. Another alternative would be to use stronger methods to stabilize the slope. Mr. Palmer and Mr. Harrison discussed pros and cons of both alternatives.

The Board asked for more information concerning the relocation of the roadway to the south. It was explained the roadway would be moved approximately 15 feet to the south, a retaining wall would be constructed and the slope would be stabilized. Mr. Palmer noted one area of concern with relocation of the roadway was the unknown location of underground utilities on the south side of the roadway. He stated this alternative appears to be a more constructible solution if no problems are encountered with the location of underground utilities. Director Forstmann suggested this alternative would provide an opportunity to improve the entrance to Beaver Creek aesthetically as well as structurally noting a variety of materials are available for retaining walls and landscaping improvements. The timing of the project was discussed. It was suggested the Board could assign members to help with the various easements, permits and coordination with the BC Golf course regarding any landscaping matters that related to the project to help move the project forward expeditiously. After further discussion the Board directed staff to move forward with the planning and review of this alternative. The Board offered to have a special meeting in the coming week to review the matter so decisions could be made in a timely manner.

The Board questioned whether a temporary solution is available if the project had to wait until spring and asked for a cost estimate. Mr. Harrison explained the slope could be temporarily stabilized by using a soil gun to shoot bar into the slope, however there would be no guarantee and the cost would likely be in the \$100,000 plus range. The matter was tabled until more detailed information is available.

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

The Board asked if BCRC would have any funds available for improvements related to this project. Mr. O'Rourke stated BCRC has a budget for landscape and would consider contributing towards the landscaping.

Bachelor Gulch Construction Traffic Regs: It was reported that Bachelor Gulch Village Association (BGVA) had filed claims against several parties, including Bachelor Gulch Metropolitan District (BGMD), BCPOA and the Strawberry Park Homeowners Association (SPHOA) over the BGMD construction traffic regulations recently adopted. Mr. Garnsey stated the regulations are not currently being enforced while the parties are waiting for the judge to review the briefs that have been filed in the matter. Mr. Schouten informed the Board the BCPOA expects to file a cross claim in the near future. The District is not a party to the claims nor the counterclaims so the matter was discussed for informational purposes only.

Proposed Alpine Slide: Mr. Hanks requested this matter be discussed in executive session. Mr. Schouten stated the BCPOA is opposed to the alpine slide as it is currently proposed. One concern relates to erosion and drainage around the path of the slide. He provided computer enhanced pictures reflecting an alpine slide as proposed. He stated he would be meeting with Mr. Katz (VR) later today to discuss the matter.

Eagle-Vail Admin Maint Facility: Mr. Hanks reported the final landscaping should be in place this week. The punch list items will be reviewed in July.

BC Fire Station Capital Improvements: Mr. Hanks reported he was in the process of obtaining cost estimates for the capital improvements list that has been developed for the fire station. He will bring the matter back for discussion at a future meeting.

N. & S. Fairway Overlay: Mr. Hanks reported the project will be sent out for bids next week.

Equipment Auction Results: Mr. Hanks reported the equipment that had been sent to auction had resulted in net proceeds of \$88,747. The District has a sweeper which remains for sale. The new sweeper has been received. Mr. Hanks was able to negotiate a

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

\$30,000 reduction in the price of the sweeper with the dealer as the model is being discontinued. Repair parts have been guaranteed to be available for 15 years.

Minor Encroachments: Mr. Hanks reported he had been contacted by neighbors regarding an encroachment that was granted at 490 Holden Road. The concern relates to turf that was placed along an access to hiking trails making it appear that one is trespassing while using the access. Mr. Hanks stated DRB had approved the landscaping prior to the District approving the encroachment. The owner understands the access is not private and will be used with no restrictions.

Red Spruce Lane: Mr. Hanks asked to discuss this matter in executive session.

Wireless Broadband: Mr. Hanks reported he will be attending a meeting with various entities such as the Town of Avon, and other metropolitan districts to learn from the Town of Vail the process it went through to provide wireless services.

Wildfire Mitigation

Director Friedman reported he had contacted Mr. Garnsey to reopen the wildfire mitigation discussions. BCRC has appointed Mr. Kaylor and Mr. Donohue as representatives for any wildfire discussions. Director Friedman nominated Directors Gary and Balk to represent the District in the discussions. Upon motion duly made and seconded, it was unanimously

RESOLVED to appoint Directors Gary and Balk to the Wildland Fire Committee.

Legal Matters

Mr. Collins asked for time in executive session to review legal matters.

Transportation Leases

Mr. Marchetti described the transportation leases as proposed from Wells Fargo. He noted the District has dealt with Wells Fargo in the past and has found them to be very competitive. The Board asked whether any other proposals had been requested. Mr. Marchetti explained they had not but expressed a willingness to do

RECORD OF PROCEEDINGS

Beaver Creek Metropolitan District June 28, 2006 Meeting Minutes

so. The Board appointed Director Elsner to work with Mr. Marchetti to review the leases prior to taking any action.

Financial Statements

Mr. Marchetti reviewed the May 2006 preliminary financial statement included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the May 2006 preliminary financials as presented.

Accounts Payable

The Accounts Payable listing was reviewed. 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. and §24-6-402(4) (b) C.R.S. for the purpose of determining positions and receive legal advice related to the District's claim against AEC, the District's Market Square Unit, Red Spruce Lane, and the Alpine Slide. The Board entered into Executive session at 11:15 a.m. and returned at 12:10 p.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 June 28, 2006.

Respectfully submitted,

Kathy Lewensten
Secretary for the meeting