
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT July 26, 2006

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., July 26, 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
- Lou Kreig, BCPOA
- John Garnsey, COO Beaver Creek
- Bill Simmons, Operations
- Andy Gunion, East West Partners
- Ron Kowalski, East West Partners
- Jim Funk, BC Public Safety

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.

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

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performing arts facilities within Beaver Creek; Mr. John Forstmann is a board member of the Beaver Creek Club; Mr. Ernest Elsner is a board member of the Beaver Creek Property Owners Association; 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.

Minutes

The Board reviewed the minutes of the June 28, 2006 Regular Meeting and the July 17, 2006 Special Meeting. In the July 17th minutes Mr. Collins requested a clarification at the bottom of page four concerning the authorization of the project. Upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the minutes of the June 28, 2006 Regular Meeting as presented and the July 17, 2006 Special Meeting as revised.

Agenda

Mr. Hanks requested the Wireless Broadband Project be added under General Manager Update.

Public Input

No Public Input was offered.

Future Meetings

The next regular meeting is scheduled for Wednesday, August 23, 2006, at 8:30 a.m. in the same location.

Legal Matters

Mr. Collins referred to the revised By-Laws that were included in the packet. He explained the By-Laws had been updated to comply with the latest law changes including revisions in the executive session requirements. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the revised Beaver Creek Metropolitan District By-Laws as presented.

Village Road Slope Failure

Mr. Hanks reported B&Y Construction and Ewing Construction are scheduled to perform the repair work at the slope failure site. The work should begin on September 5th. The application for a building permit will be submitted to Eagle County as soon as

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possible. The Board reminded Mr. Hanks to explain the urgency of the project to Eagle County when submitting the application. The potholing for the location of the utilities will be done in the next few weeks. Beginning on September 5th approximately 200 feet of micropiles will be put in place to provide a stable platform for the soil nails and a shotcrete wall. Director Forstmann reminded Mr. Hanks to pay attention to the design as it relates to snow removal. There are several segments to the project, road stabilization, slope stabilization and cosmetics. The Board asked when more detailed cost estimates will be available for the project and whether these segments can be distinguished. Mr. Hanks explained the final cost estimates are being developed with the segments in mind and will be available at the August meeting. The Board noted at the last meeting Mr. O'Rourke had expressed a desire to be involved in the cosmetic aspects of the project. Mr. Hanks stated he would contact Mr. O'Rourke regarding the matter.

Mr. Hanks brought up the subject of traffic control during the project. He noted the front gate project may coincide with this project and stated traffic control will be coordinated as needed. He explained it was anticipated the uphill lane of the road will need to be blocked off for approximately one month. The outbound traffic could be allowed down Village Road and out through the bus lane or the main round a bout. All inbound traffic would be re-routed through Prater Road. One concern raised in regards to all inbound traffic coming through the Prater Gate House is that there is only one access point which may have a negative impact on traffic flow.

The Board asked if the sidewalk/path along Village Road is still under consideration as part of the front gate project. Mr. Hanks will review the front gate project plans and follow up with Mr. O'Rourke to check on the status.

BC Landing Plaza/ Upper Gondola Terminal

Mr. Kowalski presented a brief report on the gondola project. The upper terminal site work and utility relocation are approximately 95% complete. The backside landscaping should be planted around August 7th. Evans-Chaffee has been awarded the contract for the gondola maintenance building. The maintenance building construction will begin in mid August and should be complete in early fall. A crane will be used to help with the installation of the

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gondola machinery during the week of August 18th. The path along Prater Road is scheduled to be repaved in the next week after the paving is complete it will be reopened. The Board asked about the work at the lower terminal site. Mr. Kowalski reported the work was progressing as expected. He stated there will be a new stone wall at the main entrance to the riverfront subdivision. The Board asked if there will be any free public parking at the site. Mr. Gunion explained the parking is mainly for the hotel guests however there will be some limited fee based public parking. The gondola ride will be free to anyone.

Wildfire Mitigation

Mr. Hanks reported the wildfire group met a few weeks ago. The group requested he review the mitigation work that had been done along Beaver Creek Drive. Mr. Hanks reviewed the area and reported the work along the public lands is complete. He did note there is work to be done on some individual home sites. Director Balk commented the meeting had been positive. He stated the group reviewed the current version of the plan. He noted the BCRC representatives had expressed concern regarding the District's motives related to enforcement of the wildland fire regulations and how it related to other public safety matters. He asked for the Board's input on the matter. The Board felt it would be appropriate for the wildland fire regulations to benefit from the immunity that can be provided through the District. The Board requested the discussion be continued in executive session.

General Manager Update

Eagle-Vail Admin Maint Facility: Mr. Hanks reported the plans for the fuel tank were finalized and have been approved by the State of Colorado. He will be working with Colletts to put fuel in the tanks in the near future. The District will need to install some additional curb and a speed bump prior near the tanks prior to August 2007 to complete the "spill catch plan" requirements.

The landscaping is substantially complete. The Board asked if any landscaping had been planned for the west side. Mr. Hanks stated it had not. The Board requested Mr. Hanks approach the neighbor to see if there are improvements that could be made.

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Market Square: Mr. Hanks reported negotiations continue regarding the Market Square past dues and asked to discuss the matter further in executive session.

Vilar Center Funding: The VVF is reviewing the Memo of Understanding the District provided regarding the voter approved funding. It appears VVF may have some revisions to the document. The Board appointed Director Elsner to work with the VVF representative to see if a final draft could be available for review at the next meeting.

BC Fire Station Capital Improvements: Mr. Hanks reported he will have the cost estimates for the capital improvements list that has been developed for the fire station at the next meeting.

Bachelor Gulch Construction Traffic Regs: Mr. Hanks stated a court hearing has been set for October 18th regarding this matter. BGVA and BGMD are the principals in the litigation and matters of contention. Currently construction traffic is being allowed through and it is assumed this will be the case through October 18th.

Minor Encroachments: Mr. Hanks reported there were three driveway encroachment requests, all of which appear to be within the guidelines.

The neighbor is still not pleased with the encroachment that was granted at 490 Holden Road. The concern relates to turf that was placed along a hiking trail which makes it appear to be private instead of public. No physical obstructions have been placed along the trail. The owner understands the access is not private and will be used with no restrictions. Mr. Collins will draft an opinion letter concerning the Districts legal authority to issue the encroachment that can be provided to the neighbor. Director Gary had spoken with the neighbor regarding the matter; he offered to place the matter on a future agenda if the neighbor should wish to address the Board.

Mr. Hanks reported on an older encroachment located at Holden Road related to the Pavlik and Bard residences. It was brought to his attention that the Pavlik's had completed their portion of the

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encroachment, however the Bard's need to finish their portion. The Bard's have agreed to comply.

Wireless Broadband: Mr. Hanks reported he heard a presentation at the end of June regarding the Town of Vail's progress in providing wireless service within the Town. The intent is to have wireless available in the core village this winter, and the rest of Vail next year. It is anticipated to benefit the guests and residents, businesses, and public safety. There is some interest in extending this service throughout the county by various towns and special districts. Mr. Hanks will continue monitoring how the service works for the Town of Vail.

Public Safety Risk Assessment: Director Friedman noted the Board had been asked by Ms. Hoffman-Leblanc to consider making an assessment of public safety risks. Mr. Funk requested a copy of the assessment proposal from last year which had been provided to the Board by email after last month's meeting. The Board noted it did not directly provide public safety so any assessment should be coordinated with BCRC as a joint effort. Mr. Hanks reported he had briefly spoken with Mr. O'Rourke regarding the matter. Mr. O'Rourke had suggested a logical starting point for such an assessment would be to obtain updated requests for proposals from a variety of vendors and offered to check with the BCRC board to see if they are interested in moving forward with an assessment.

UERWA

Director Friedman gave a brief update regarding water matters. The rain has helped maintain good natural in stream flows. With the flows remaining adequate for this time of year it appears restrictions will not be needed in the short term.

Financial Statements

Mr. Marchetti reviewed the June 2006 preliminary financial statement included in the packet. He noted the equipment auction results were better than budgeted. Mr. Hanks reminded the Board the Sweeper is still for sale. Mr. Marchetti noted two new items have been added related to the slope failure, as more information is known the forecasts for these items will be entered. He noted the District will likely need to do a budget amendment for the slope failure expenditure since it was not budgeted. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the June 2006 preliminary financials as presented.

Transportation Leases

Mr. Marchetti reported several proposals for the transportation leases had been obtained and sent to Director Elsner as requested at the last meeting. Wells Fargo has offered the best rates to the District, with the rate being approximately 15 to 20 basis points beneath the other proposals. The rates proposed are 4.30% for the 7 year lease for Parking Lot vehicles and 4.15% for the 5 year DAR vehicles. The District paid for the two Parking Lot Optima buses on June 5, 2006 and will need to reimburse itself from the Parking Lot lease proceeds. Director Elsner stated he had reviewed the proposals and recommended the Board approve the Wells Fargo leases. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve authorizing entering into two lease purchase financing proposals as described on the Resolutions which are hereby attached to become part of the minutes, and

FURTHER RESOLVED to authorize the execution of the documents by Mr. Clyde Hanks, General Manager and Mr. Ken Marchetti, Secretary on behalf of the District, and

FURTHER RESOLVED to reimburse the District for the cost of the purchase of the parking lot bus equipment out of the parking lot bus lease proceeds.

Accounts Payable

The Accounts Payable listing was reviewed. Mr. Hanks explained the two payments to Hyder Construction cover the final payment on the contract and the release of the retention. He will hold the payments until he and Mr. Boyd determine the project is complete to the Districts satisfaction, he anticipates that will be prior to the next Board meeting. By motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

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Alpine Slide

Mr. Kreig presented a brief update on the Alpine Slide discussions. He stated the BCPOA Board had opposed the original proposal and had authorized Mr. Schouten, BCPOA President, to work with Vail Resorts regarding the matter. Mr. Garnsey had met with Mr. Schouten and a verbal commitment had been reached where Vail Resorts has agreed not to move forward with the project this season. Negotiations will continue on the matter for a potential future project.

Executive Session

Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session citing §24-6-402(4) (b) C.R.S. and §24-6-402(4) (e) C.R.S. for the purpose of determining positions and receiving legal advice related to the District's Market Square Unit, Wildfire Mitigation and the Village Road Slope Failure. The Board entered into Executive session at 9:55 a.m. and returned at 10:40 a.m.

Mr. Collins affirmed that all of the discussion in Executive Session constituted attorney-client communications.

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 July 26, 2006.

Respectfully submitted,

Kathy Lewensten
Secretary for the meeting