
RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS BEAVER CREEK METROPOLITAN DISTRICT August 25, 2010

The Regular Meeting of the Board of Directors of the Beaver Creek Metropolitan District (the "District") was held at 8:30 a.m., August 25, 2010 in the Conference Room of the District Administrative and Operations Facility, Eagle-Vail, Eagle County, Colorado.

Attendance

In Attendance were Directors:

- Mike Balk
- Louis Kreig
- James Power (via phone)
- Ernie Elsner

Absent and Excused:

- Robert Gary

Also in Attendance were:

- Clyde Hanks, General Manager
- James Collins, Esq, Collins Cockrel & Cole
- Ken Marchetti, CPA, Robertson & Marchetti, PC
- Jennie Fancher, BC Admin Assistant,
- Kathy Lewensten, Recording Secretary
- Dawn Friedman, BCPOA
- Ludwig Kurz, BCRC
- Rod Miller, BC Property Owner
- Cliff Thompson, BC Property Owner
- Jim Kaylor, BCRC
- Sam Parker, BC Public Safety
- Bill Simmons, BC Village Operations
- John Forstmann, 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. 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

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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 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; 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 July 28, 2010 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the July 28, 2010 Regular Meeting.

Future Meetings

The Board reviewed the 2010 meeting schedule included in the packet. The next regular meeting is scheduled for Wednesday, September 22, 2010 at the same time and location.

Agenda

No changes were made to the agenda.

General Manager Update

Insurance Claims: The Board referred to the report included in the packet. There are no issues to report concerning the claims.

Dial A Ride Term Sheet: Mr. Hanks referred to the draft term sheet included in the packet. The term sheet is intended to facilitate discussions concerning a potential transfer of the Dial A Ride service, the timing of such a transfer has not been determined. Mr. Marchetti expressed concern with the proposed language related to financial responsibility. He explained the Dial-A-Ride service is expected to run at a deficit in the near future but has run with surpluses in the past. The surplus has not been kept in any type of reserve for use on future Dial-A-Ride expenditures. He

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explained the surplus funds between the property tax revenue and the cost of the Dial-A-Ride service are now being used to cover other transportation related costs. It was pointed out the term sheet was in draft form only so transportation services will continue to be covered under the current arrangement. The agreement contains standards for minimum levels of service for Dial-A-Ride with the proposed language requiring any reductions to service being mutually agreed upon. Director Elsner asked about the expected residual value at the time of disposition of the transportation vehicles and whether the District would receive a portion of the value. Mr. Hanks stated he would revise the draft to address the matter of the residual value of the vehicles. The draft term sheet will be revised per the discussion and then provided to BCRC for comment.

Sales Projections: The Board turned its attention to the sales information which was included in the packet. The Board discussed whether the District will see a decrease in the assessed valuation next year. Mr. Marchetti stated more will be known in May 2011 when the District receives the preliminary assessed values based on the sales data.

Prater Road Project: The Board looked at the proposed improvements to the intersection at Prater Road and Village Road as presented in the information included in the packet. The drawings reflected a widening of the curve, replacement of the guardrails, installation of median strips and landscaping. This project is part of Project Legacy so would be done with funding being split 50/50 between the District and BCRC. The estimate for the project is approximately \$800,000. It was mentioned with the slow economy contractors are looking for work so there may be an opportunity for very competitive pricing for the project. The District has funds available however Mr. Kaylor stated BCRC would not have funding available this year. Mr. Forstmann suggested review of the design and cost estimate by another engineering firm. He expressed a lack of confidence in Alpine Engineering. Mr. Thompson concurred it would be beneficial to use another firm to review the project to see if they might recommend any other design alternatives for the area. The Board discussed the matter agreeing there was no harm in having the design and related cost estimate reviewed by another engineer. The review would provide a comparison for consideration. The

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Board directed Mr. Hanks to have the project design and estimate reviewed by another engineer with a not to exceed budget of \$5,000 for the review.

Holden Road: Mr. Hanks reported the design and cost estimates for drainage improvements along Holden Road are being finalized. It is expected the cost will be around \$55,000 and anticipated the work will be done this fall. Director Power has been involved in the discussions.

65 Highline Dr: Mr. Hanks referred to the report in the packet concerning changes made to the streambed at 65 Highline Dr. The stream was diverted from a wetlands area and made into a water feature. DRB sent a letter of violation to the owners after the changes were found. Mr. Hanks spoke with the owners who claimed there was a misunderstanding with their landscaper. He subsequently met with the owners and AMEC to review the site. AMEC will be providing recommendations for remediation. The owners have offered to do any remediation requested at their expense. Once more definite plans are known the understanding will be formalized with the owners.

Financial Statements

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

RESOLVED to accept the July 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.

General Manager Update Con't.

Fall Overlay and Patching: Mr. Hanks reported the fall overlay and patching project had been sent out to bid. B & B had been the low bidder. Discussion of the project lead into a broader discussion of roadway matters as noted in the Village Road minutes below.

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Village Road

The Board continued the discussion on roadways. Mr. Miller addressed the Board concerning his critique of the Village Road report presented at the July 16th public meeting. He stated his belief that the public report lacks critical analysis and credibility offering his critique for consideration. He had hoped his critique could be reviewed by the BCPOA or the BCPOA executive committee prior to today's meeting however that had not occurred. Director Kreig asked if Mr. Miller wished to present his critique to the Board as a private citizen. Mr. Miller answered yes, he did wish to do so.

He stated there were several key points he wished to address. His first recommendation was to hire CTL Thompson or HP Geotech to provide an analysis of both the public Village Road report and his critique. He suggested they be asked to provide specific recommendations and cost estimates for repairs/patching and drainage matters for the next five to seven years for the road. The Board asked who would pay for such an analysis? They then suggested the critique be provided to Alpine Engineering (AEI) and Dale Decker to allow them the opportunity to respond to the concerns raised. Mr. Miller stated his other points related to the choice of engineer for future projects and more accurate records for work performed along Village Road.

Mr. Thompson said he felt the public report had a lack of completeness. He noted CTL had not been asked to make a presentation at the July 16th meeting even though they had provided data which had been included. He noted the CTL report differed from the conclusion presented in the public report that a rebuild was the best course of action. He felt it was important the Board rely on an engineer it has confidence in to determine a course of action. He agreed with sending Mr. Miller's critique to AEI and Mr. Decker to allow them to respond.

Director Balk reiterated the public report found the bottom layer of asphalt had become friable which will cause more costly repairs as the substructure continues to deteriorate. CTL had confirmed in their report that at the time the roadway had been built it contained low quality material even though the material had met the 20 year standard required. Now it is 30 years later and the material is deteriorating. This would seem to indicate a rebuild would not be unreasonable. Mr. Miller disagreed pointing out that in the public

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report the roadway had achieved very good to excellent ratings which would seem to indicate it was not necessary to completely rebuild the entire roadway. Mr. Forstmann commented a roadway may require repairs after a substantial amount of time has passed however based on his experience he was not aware of any instances where a roadway needed to be completely rebuilt. Mr. Kaylor asked if the same issue affects the other roadways in Beaver Creek. Village Road is subject to heavier traffic, such as construction vehicles and semis, and a larger volume of traffic than other roadways in Beaver Creek so the other roadways are not seeing the same type of deterioration.

Director Balk suggested the District consider placing the public report and Mr. Millers critique in the District files for future reference. He stated in three years the Board could begin a formal annual review of the condition of Village Road to determine the best course of action at that time. Between now and then the patching repairs could be done as necessary. Director Power commented in a few years new data would be needed to make an informed decision. He noted no catastrophic failure is expected in the near future but would like to acknowledge time that has been put into the reports.

The Board returned the discussion to the current years patching project. Mr. Hanks explained the roadways including Village Road had been reviewed with AEI and staff to determine where patching would be necessary this year. AEI and Mr. Decker were consulted as to what type of patching would be needed. As reported above B & B Excavating had won the bid and the work is scheduled to begin after Labor Day. Mr. Miller requested the patching project be reviewed by CTL to see if any different recommendation is offered. Director Power said it would be appropriate to obtain a second opinion on the proposed road repair program provided that it could be done expeditiously so that this year's program could be completed. The Board directed Mr. Hanks to bring in CTL to review the patching project to see if it remains reasonably the same. Mr. Hanks noted if the scope of work changes it may be necessary to include any differences by the issuance of a change order.

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Mr. Forstmann asked if the District would be open to consider a change in engineers on future projects. It was noted AEI has been used historically as they are familiar with the District roadways. Mr. Miller restated his lack of confidence in AEI and Mr. Decker. Mr. Kaylor asked whether the Board had lost confidence in AEI and wondered why it would continue the relationship if there is question. The Board stated it was open to considering other engineering firms and willing to have CTL review the current years patching project to have a comparison for consideration.

Mr. Miller summarized his requests; to have CTL analyze the public report and the critique; to have CTL review the patching project; to consider other engineers for future projects; and to keep accurate records such as cost, type, size and depth for patching or repairs that are done on Village Road. The Board agreed to have CTL review the patching project for this year and to provide a copy of the critique to AEI and Mr. Decker to allow them the opportunity to respond. Mr. Hanks agreed he will do his best to maintain records on any repairs done along Village Road. He offered to take before and after pictures but noted it may be difficult to assign a specific cost to the patches as the patching is generally a lump sum bid.

Director Elsner stated he felt it was important the public report was not reflected as credible in the public record. He made a motion to withdraw the endorsement of the public report as fair and accurate. The motion died due to lack of a second.

Mr. Hanks asked for a motion to approve the award of the 2010 Overlay and patching project to B & B Excavating. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept B & B Excavating's bid for the 2010 Overlay and Patching project subject to review by CTL and related change order if necessary.

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 August 25, 2010.

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Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Secretary for the meeting