
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of the Holland Creek Metropolitan District October 15, 2018

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, October 15, 2018, in the two elk conference room, 137 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Tim Baker (via phone)
- Bill Kennedy
- Greg Willis
- Gary Shimanowitz

Also in attendance were:

- William Ankele, Esq White Bear Ankele Tanaka & Waldron PC (via phone)
- Ken Marchetti, CPA Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Kevin Hopkins, VRDC
- John Volk, WQCP
- Jerry Hensel, VR Operations

Call to Order

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 2:00 p.m. by Director Baker, noting a quorum was present.

Potential Conflicts

The Board noted that it has received certain written disclosures of potential conflicts of interest statements from each of the Directors more than seventy-two hours prior to the meeting, indicating the following conflicts: **Tim Baker** is Sr. Director of Base Area Operations for Vail Resorts Management Company; **Greg Willis** is the Director of Ski and Snowboard Schools for Beaver Creek; **Gary Shimanowitz** is the Vice President of Mountain Operations at Beaver Creek; and **William M. Kennedy** is Director of Land Development for Vail Resorts Development Co., these entities are subsidiaries of the Vail Corporation and indirect operating subsidiaries of Vail Resorts, Inc., all of which have significant business interests within the Districts.

Minutes

The Board reviewed the minutes of the June 28, 2018 Special Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the June 28, 2018 Special Meeting as presented.

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Public Input No public input was offered.

Water/Wastewater Update:

Mr. Volk reported routine water and waste water operations are running smoothly. Water use is now minimal. Staff is working on the waste water inspections and will be working on upgrading the water plant skid from 30 modules to 48 modules this fall.

2019 Water/WW

Rates:

The Board considered an inflationary increase to the water and waste water rates. The public notice of a fee change had been posted as required. The 2019 budget proposes a 3% inflationary increase in water and wastewater fees effective January 1, 2019. Marchetti & Weaver will notify AmCoBi and a memo will be provided to the property owners in the billings. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve a 3% increase in water and waste water rates and fees with an effective date of January 1, 2019.

Supplemental Water

Lease Agreement

Director Baker reported the Supplemental Water Lease Agreement had been finalized, reviewed by District counsel and is fully executed. An updated calculation of water needs based on usage resulted in the amount of water rights referred to in the draft agreement being increased for the final agreement. The agreement is effective through October 2019. The agreement allows VR to charge the District for excess water consumed on an actual usage basis.

Operations Update

Mr. Hensel reported crack sealing on the District roadways was completed in July. Roadway patching and manhole repairs will be completed in the next month. Staff continues to monitor the wear and tear on Larkspur Lane related to the ongoing utility project. The equipment and vehicles are prepared for winter and plowing.

Legal

Special Counsel: Mr. Ankele and Director Baker explained the District may wish to consider special counsel in regards to questions which have arose related to the ballot language and Red Sky Ranch MD's debt obligation. The matter was tabled until further information is known.

Annual Administrative Resolution: The Board reviewed the 2019 Annual Administrative Matters Resolution. The meeting time was revised to 2:00 p.m. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the 2019 Annual Administrative Matters Resolution as revised.

WBA Engagement letter: Mr. Ankele referred to the engagement letter that had been included in the packet. He explained the revisions included hourly rates which have been updated, an arbitration clause was added and a notification that the Districts will be included in the representative client listing for WBA. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the engagement letters with White Bear Ankele Tanaka and Waldron.

Data Privacy: This matter was tabled to a future meeting.

Extension of Operations and Maintenance Agreement:

The Board reviewed the Extension of Operations and Maintenance Agreement (2019). Services are provided by VR staff based on the budget attached as Exhibit "C" to the extension. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Extension of the Operations and Maintenance Agreement (2019).

Extension of AmCoBi Independent Contractor

Agreement: The Board reviewed the Extension of American Conservation Billing (AmCoBi) Independent Contractor Agreement. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Extension of American Conservation Billing Independent Contractor Agreement (2019).

Extension of Water Quality Control Professionals LLC Independent Contractor

Agreement: The Board reviewed the Extension of Water Quality Control Professionals LLC (WCQP) Independent Contractor Agreement. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Extension of Water Quality Control Professionals LLC Independent Contractor Agreement (2019).

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Financial Statements

Mr. Marchetti presented the preliminary September 2018 financial statements with the 2019 budget. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the preliminary September 2018 financial statements.

2019 Budget

The Board discussed the 2019 budget which was presented as part of the September preliminary financial statements. The public hearing for the 2019 budget was opened. Mr. Marchetti reviewed the 2019 expenditures and revenues. He recommended increasing the transfer from the general fund to the water fund to \$200,000. The Board discussed the water fund. The fees charged in the water/wastewater fund are not adequate to cover operational costs, a transfer of property tax revenue from the general fund currently covers the shortfall. The public hearing was closed. Upon motion duly made and seconded, it was unanimously

RESOLVED to adopt the Holland Creek Metropolitan District 2019 budget as revised, and

FURTHER RESOLVED to appropriate the sums of money for 2019 for Holland Creek Metropolitan District, and

FURTHER RESOLVED to certify the mill levy at 45.000 mills.

2018 Audit

The Board considered the 2018 Audit Engagement Letter from McMahan and Associates which had been included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2018 Audit Engagement Letter with McMahan and Associates.

Accounts Payable

The Board reviewed the accounts payable list included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve and ratify the accounts payable listing as presented.

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Resignation/Appointment of

Directors

It was reported Mr. McBrearty had resigned from the Board prior to today's meeting. Mr. Hopkins was nominated to fill the vacancy. Upon motion duly made and seconded, it was unanimously

RESOLVED to appoint Mr. Hopkins to the term ending in 2020.

Mr. Hopkins oath of office was administered.

Future Meetings

The next regular meeting is scheduled for Monday, February 18, 2019. After discussion since this date is Presidents day the meeting date was changed to Tuesday, February 19, 2019 at 2:00 p.m. in the same location.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the October 15, 2018 special meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
Kathy Lewensten
Recording Secretary