
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Holland Creek Metropolitan Districts October 20, 2014

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, October 20, 2014, at 9:00 a.m., in the conference room at the VR offices located at 135 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- William Kennedy
- Cody O'Kelly

The following Directors were absent and excused:

- William Simmons
- Alex Iskenderian

Also in attendance were:

- Bill Ankele, White, Bear & Ankele, PC (via phone)
- Ken Marchetti, CPA, Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Mike Connell, RSRMD Director
- Fred Hudoff, RSRMD Director
- Mike Miner, RSR Director of Golf Maintenance
- Don Odell, VR Operations

Call to Order

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 9:00 a.m. by Director Kennedy, 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: [William M. Kennedy](#) is Director of Land Development for Vail Resorts Development Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., all of which have significant business interests within the Districts; [William Simmons](#) is Director of Village Operations for Vail Resorts Management Company, an indirect operating subsidiary of Vail Resorts, Inc., which both have significant business interests within the Districts, [Karen Braden-Butz](#) is a Financial Analyst for Vail Resorts Management Company, a subsidiary of Vail Resorts, Inc, which both have significant business interests within the Districts; [Cody O'Kelly](#), is a Senior Project Manager for Vail

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Resorts Development Co., an indirect operating subsidiary of Vail Resorts, Inc and [Alex Iskenderian](#) is Sr. Vice President and C.O.O. of Vail Resorts Development Co., a wholly owned subsidiary of the Vail Corporation d/b/a Vail Resorts Management company which all have significant business interests within the Districts.

Minutes The Board reviewed the minutes of the September 15, 2014 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the September 15, 2014 Regular Meeting as presented.

Public Input Mr. Connell reported representatives from Centurylink made a site visit to look at the infrastructure. Based on the visit they are reviewing options for improving internet capabilities in the area. An estimate of cost should be provided in the near future.

Water Matters Director Kennedy referred to the water report included in the packet. Mr. Odell noted the plant is still running daily due to watering needs however it is expected to taper off soon. He noted it is late in the season for watering. It was reported a malfunctioning water heater had been discovered and repaired at one property. The replacement costs related to the GAC system were higher than expected due to issues with the tank liner. The contractor shared a portion of the additional costs of the repair.

Mr. Odell explained SGM has requested an extension from the State of Colorado on behalf of the District related to the approval for the improvement project as there are engineering pieces that remain to be worked out. Parts have been ordered and work preparing the skid for placement is moving forward but the actual improvements to the plant will not begin until the engineering is complete. The budgets have been adjusted to reflect more of the costs in 2015.

Legal Mr. Ankele stated there were no separate legal matters.

2015 Budget The Board began discussion on the 2015 budget which was presented as part of the September 2014 preliminary financial statements. The public hearing for the 2015 budget was opened. The 2015 budget was presented two ways, first without refinancing the RSR debt and second assuming the RSR debt is refinanced.

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Mr. Marchetti reviewed the expenditures related to labor costs. The 2015 budget presented includes a second full time year round person as compared to the seasonal person that was hired the last two years. The intent would be to hire a person who has the necessary licensing or is currently working towards licensing. This would provide redundancy and back up for water and waste water operations matters that do not currently exist. Discussion of the pros and cons of increasing staffing followed. It was suggested the labor related to water and waste water operations should be presented in the water fund. The transfer from the general fund to the water fund would be increased to cover the shortfall caused by the reclassification of the labor. This would present a truer picture of actual costs related to water and wastewater operations. A discussion of the need for increases in water and waste water fees followed. A comparison of options for increases in the rates will be presented at the November 17th meeting for discussion. The Board tabled the 2015 budget discussion.

The public hearing was continued to the November 17, 2014 meeting.

Financial Statements

Mr. Marchetti presented the preliminary September 2014 financial statements. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the preliminary September 2014 financial statements.

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.

2014 Audit

Mr. Marchetti referred to the 2014 Audit Engagement Letter from McMahan and Associates which had been included in the packet. The fee for the audit will remain the same. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2014 Audit Engagement Letter with McMahan and Associates

Operations

Mr. Miner reported capital improvements at the water intake are scheduled for this winter to help mitigate issues with sediment during run off. The golf courses are closed for the season. Reflectors are being placed along the

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roadways in preparation for snow plowing. A hydraulic pump needs repair on one of the snow plows.

Construction Status Mr. Odell reported construction and planning continues on several waste water systems.

Meeting Schedule The next regular meeting is scheduled for November 17, 2014 at the same time and location.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the October 20, 2014 Regular Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary