
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Holland Creek Metropolitan Districts September 21, 2015

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, September 21, 2015 at 8:30 a.m., in the conference room at the Red Sky Ranch Sales Center, 376 Red Sky Road, Wolcott, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- William Simmons
- Tim Baker
- Doug Lovell

The following Director was absent and excused:

- William Kennedy

Also in attendance were:

- Bill Ankele, Esq White Bear Ankele Tanaka & Waldron (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 Operations

Call to Order

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 8:25 a.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: [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; [Karen Braden-Butz](#) is a Financial Analyst for Village Operations of Beaver Creek, a subsidiary of Vail Resorts, Inc, which both have significant business interests within the Districts; [Tim Baker](#) is Sr. Director of Base Area Operations for Vail Resorts Management Company, an indirect operating subsidiary of Vail Resorts, Inc., which both have significant business interests within the Districts and [Doug Lovell](#) is Vice President and C.O.O of Beaver Creek Resorts a subsidiary of Vail Resorts, Inc which has significant business interests within the Districts.

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Minutes The Board reviewed the minutes of the August 17, 2015 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the August 17, 2015 Regular Meeting as presented.

Public Input Mr. Connell handed out a worksheet related to the Centurylink high speed internet connection project. The cost of the project has increased to \$174,000 due to the requirement by the “Decision Support Team” in Denver for a higher speed line. The worksheet reflected the cost sharing percentages for the project. He asked if there were any concerns with the additional cost. Directors Baker and Lovell responded there were not.

Water Matters **Water Rights:** Director Baker stated as reported at the RSRMD meeting earlier today Vail Resorts was reviewing water lease matters internally. The current lease purchase option does not provide sufficient water for build out. One alternative would be to extend the lease increasing the water rights to sufficient amounts. Mr. Hudoff asked about the requirement for current debt to be paid off prior to the District purchasing the water rights. It was noted that VR would prefer the debt be paid down however it is not yet clear whether this will be a requirement related to a potential purchase of the water rights.

Water Report: The monthly water report included in the packet was reviewed.

Water Plant Upgrade: It is expected the upgrades to the plant will resume later this year.

Norman Repairs: Director Baker reported the Norman wastewater system repairs are almost complete.

As reported at the last meeting the capacity of the Norman system may need to be increased in the near future. The current tap fee and rate sheet does not contemplate significant changes to commercial wastewater systems and so does not address how the costs would be funded. Mr. Marchetti explained the commercial systems were constructed by the developer and conveyed to the District unlike the residential systems which are constructed by the District. Both types are to be maintained by the District. If a residential system is expanded additional tap fees are due from the property owner. Director Baker

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noted technology continues to advance and staff is studying the matter to see if there are opportunities for newer systems with better efficiency.

Mr. Connell stated this incident brings up the question as to how future residential or commercial wastewater system replacement costs will be funded. He suggested drafting a long range plan including expected timing for replacement of aging wastewater/septic systems, with part of that study looking at how to fund the expense in the future. Certain components of a wastewater system, such as the pump or control panels, are not necessarily expensive to replace and can be funded through maintenance and operations budgets. It was pointed out there should be alarms on the pumps and components of the commercial systems similar to the ones present on the residential systems. It is the unexpected catastrophic failure, such as the one experienced at Norman, which requires the District to have adequate reserves or funding mechanisms to repair.

Legal

Mr. Ankele stated there was no separate legal report.

Financial Statements

Mr. Marchetti presented the preliminary August 2015 financial statements. Upon motion duly made and seconded, it was unanimously

RESOLVED to accept the preliminary August 2015 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.

Construction Update

Mr. Hudoff asked whether crack filling of the roads was complete for the year, expressing concern over the potential erosion that can occur on the roadways if cracks are not repaired. Mr. Connell asked if any updates were available concerning the cost of seal coats for Wildflower and Lost Lane that were requested at the last meeting. Director Baker will look into both matters.

Meeting Schedule

The next regular meeting is scheduled for October 19, 2015 at the same time however the location will move back to the VR conference room, 137 Benchmark Road, Avon. The November meeting date was changed to November 9, 2015 at the same time.

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Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the September 21, 2015 Regular Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten
Recording Secretary