
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of the Holland Creek Metropolitan District September 26, 2019

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Thursday, September 26, 2019, in the two elk conference room, 137 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Mike Trueblood
- Bill Kennedy
- Greg Willis
- Gary Shimanowitz
- Kevin Hopkins

Also in attendance were:

- Trish Harris, Esq White Bear Ankele Tanaka & Waldron PC (via phone)
- Ken Marchetti, CPA Marchetti & Weaver LLC
- Kathy Lewensten, Recording Secretary
- Dee Wisor, Esq. Butler Snow
- Annie Kao, Esq. Vail Resorts
- Beth McGregor, President, Red Sky Ranch Metro District

Call to Order

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 12:00 p.m. by Director Trueblood 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: **Mike Trueblood** is the Senior Director of Village Operations for Beaver Creek Resort; **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; **Kevin Hopkins** is Senior Finance Manager for Vail Resorts Development Co., 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.

Public Input

Mr. Wisor explained he had been engaged as special counsel to the District to review matters related to the draft audit report and accounting for the allowance for doubtful accounts related to the District's account receivable

RECORD OF PROCEEDINGS

Holland Creek Metropolitan District September 26, 2019 Meeting Minutes

from Red Sky Ranch Metro District (RSRMD). Ms. Kao stated she was in attendance as a representative of Vail Resorts noting VR has an interest in the matters being reviewed. They stated the intent is to resolve any concerns in the best interest of all parties.

Mr. Marchetti pointed out in July the District had requested an extension of time to file the 2018 audit which extended the audit report deadline to September 30th. If that deadline is missed the District can expect to receive a letter from the Office of the State Auditor (OSA) which notifies the District that it is out of compliance, and that property tax revenues will be withheld until the District is in compliance. If after receipt of the OSA letter, the audit is not filed timely OSA may choose to engage auditors at the District expense to conduct an audit.

Executive Session

A motion was made by Director Trueblood to enter into executive session with the Board of Directors and Mr. Wisor in attendance. Ms. Kao, Ms. McGregor, Mr. Marchetti and Ms. Lewensten left the meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session citing §24-6-402(4)(b) & (e) C.R.S. for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategies for negotiations and instructing negotiators and to receive the advice of counsel. Furthermore, pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., no record or electronic recording will be kept of those portions of the executive session that, in the opinion of the Board's attorney, constitute privileged attorney-client communication pursuant to §24-6-402(4)(b). The Board entered into executive session at 12:05 p.m. and adjourned the executive session at 12:40 p.m.

The regular session of the meeting was resumed at 12:40 p.m.

Minutes

The Board reviewed the minutes of the May 20, 2019 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the May 20, 2019 Regular Meeting as presented.

Water/Wastewater Update:

Director Trueblood reported water operations are running smoothly. The previously discussed repair to the Norman waste water system piping will be done later this fall.

RECORD OF PROCEEDINGS

Holland Creek Metropolitan District September 26, 2019 Meeting Minutes

Supplemental Water

Lease Agreement

Director Trueblood stated the Supplemental Water Lease Agreement terminates in October 2019. He expects to have an extension available for consideration at the October meeting. The matter was tabled as no action was necessary.

Legal

The Board considered the Resolution Concerning Online Notice of Regular and Special Meetings. Ms. Harris explained new State legislation was passed in 2019 which allows posting notices on the District website instead of physically posting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Concerning Online Notice of Regular and Special Meetings.

2018 Audit

Director Trueblood stated the discussions in executive session reviewed options related to the 2018 audit concerns. Due to the significance of this issue, it is important that it be resolved in the best manner possible and more time is needed to pursue potential solutions. Accordingly, it is likely the 2018 audit will not be filed by the September 30th deadline while work continues on finding an appropriate resolution to concerns. The Board designated Director Hopkins to work with Mr. Wisor to engage another independent auditor to determine if other accounting and financial reporting alternatives are available. Upon motion duly made and seconded, it was unanimously

RESOLVED to designate Director Hopkins to work with Mr. Wisor and engage another independent auditor to determine if other accounting and reporting alternatives are available related to the 2018 audit presentation.

Financial

Statements

Mr. Marchetti presented the preliminary August 2019 financial statements. He reported the August preliminary RSRMD assessed valuation shows a slight decrease.

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.

RECORD OF PROCEEDINGS

Holland Creek Metropolitan District September 26, 2019 Meeting Minutes

Operations Staff is preparing for the winter months. As part of the preparation for the 2020 budget review Director Trueblood, Mr. Miner and Mr. Hensel are reviewing roadways, street lights and address marker repair and maintenance needs. Some remedial work on curb and gutters may still be done this fall as time allows.

Future Meetings The next regular meeting is scheduled for Monday, October 21, 2019 at 2:00 p.m. in the same location.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the September 26, 2019 special meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
Kathy Lewensten
Recording Secretary