
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
of the Board of Directors of the
Holland Creek Metropolitan Districts
April 15, 2013**

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, April 15, 2013, at 8:20 a.m., in the two elk conference room at the VRDC office, 137 Benchmark Rd, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- William Kennedy
- William Simmons
- Karen Braden-Butz
- Kyle Griffith

The following Director was absent and excused:

- Michael Gibbs

Also in attendance were:

- Bill Ankele, White, Bear & Ankele, PC (via phone)
- Kathy Lewensten, RMPC Recording Secretary
- Mike Connell, RSRMD Director (via phone)
- Fred Hudoff, RSRMD Director
- Ramsey Romanin, RSR Caretaker
- Don Odell, VRDC Operations

Call to Order

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 8:20 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; [Michael Gibbs](#) is the Club Director of Red Sky Golf Club, an indirect operating subsidiary of Vail Resorts, Inc, which both 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

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within the Districts, [Karen Braden-Butz](#) is a Project Accountant for Vail Resorts Development Company a subsidiary of Vail Resorts, Inc, which both have significant business interests within the Districts; and [Kyle Griffith](#) is a Senior Project Manager for Vail Resorts Development Company and indirect operating subsidiary of Vail Resorts, Inc., which both have significant business interests within the Districts .

Minutes

The Board reviewed the minutes of the February 18, 2013 Regular Meeting. Mr. Connell noted he and Director Kennedy had met independently with Hermes. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the February 18, 2013 Regular Meeting as revised.

Meeting Schedule

The next regular meeting is scheduled for Monday, May 20, 2013 at the same time. The location will move to the Red Sky Ranch Sales Center until September.

Public Input

No public comment was offered.

Water Rates

Director Kennedy began discussion of the draft water and wastewater rate sheet that had been included in the packet. This sheet was included for discussion purposes only. Mr. Marchetti stated operations costs experience involuntary inflationary increases so it is prudent to review the rates annually to see if an increase in use rates may be needed. This could be done during the budgeting process. If this is done regularly the increase would likely not be substantial but in the 2% to 3% range, however if it has been several years then the rates may need to be adjusted by a more significant increase such as a 10% increase all at once.

Mr. Connell noted the water use rates were revised last year into the tiered rate structure and questioned the need for another increase so soon. It appears that drought conditions are continuing throughout the State making water conservation a priority. The draft rate sheet proposes adding a fifth tier along with a 3% increase in usage fees. This tier structure would be similar to that of ERWSD. The Board agreed the tiered rate structure provided good results last year. It is anticipated staff will continue to follow

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up with the biggest water users to encourage conservation. If the usage revenues do not cover the operations costs the shortfall is covered by transfers from the general fund or water tap fees. If RSR refunds their bonds later this year it is anticipated an additional 5 mills would be available for transfer to HC to help cover general fund transfers for operations cost shortfalls.

Mr. Odell pointed out tap fees have not been increased in several years. The tap fees paid for wastewater are no longer covering the costs of installations causing additional shortfalls that need to be covered. The Board agreed tap fees should be adequate to cover construction costs. It was noted any changes in tap fees would need to be communicated to builders and property owners with adequate notice the rates were changing.

Director Kennedy reiterated this topic was brought to the Board for discussion purposes only at this time. After further discussion it was generally determined the tap fees will need to be increased sooner with the usage fees remaining unchanged for now. It was suggested RSRPOA be given an opportunity to provide comments related to the proposed rates. The matter was tabled to allow time for more analysis.

Hermes Wolcott Development

The Board turned its attention to the draft Water Agreement from ERWSD included in the packet. Director Kennedy pointed out this agreement was in very rough preliminary draft form and had just been received. Mr. Ankele stated he did not have comments as he had only had time for a preliminary review. It was noted the possibilities presented in the agreement will need to be taken under consideration as water matters are discussed. More information regarding water rights and the ability of the District to convert the current lease will be needed from Mr. Porzak. The agreement presents a scenario where ERWSD takes over the RSR water system. No information regarding potential rates or services was provided. If the District chooses to become a sub-district of ERWSD an election would need to be held. As an alternative the District may choose to keep ownership of the water plant and provide water to the new development. The capacity size of the water plant and capital improvements that may be necessary are all inter-related to this agreement. The matter was tabled.

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Continuation Upon motion duly made and seconded, it was unanimously

RESOLVED at 9:15 a.m. to continue the April 15, 2013 Regular Meeting of the Holland Creek Metropolitan District Board of Directors to resume upon conclusion of the RSRMD continued meeting.

At 10:05 a.m. the Continued Regular Meeting of the Holland Creek Metropolitan District was called to order by Chairman Kennedy noting a quorum was present.

Bellyache Water Mr. Odell reported Bellyache has not needed to haul water for the last three weeks as their wells are holding up. The original letter agreement was set to expire on April 30. If water is needed over the summer a recommendation was made to place a cap on the gallons available. A change in the rate structure to the tiered rates should also be considered. After a brief discussion the Board agreed to extend the letter agreement to May 31, 2013 at the current rate. Upon motion duly made and seconded, it was unanimously

RESOLVED to extend the letter agreement with Bellyache Metropolitan District for water to May 31, 2013.

**Water Plant
Operations**

Mr. Odell reported the seasonal maintenance on the water plant is progressing well. The State of Colorado will be requiring a complete submittal for the skids capital project. The submittal will need to include the prior improvements made to the water plant, such as the GAC system as well as the proposed skid replacement. Representatives from Siemens and the State of Colorado have been to the plant for an on-site visit.

He reported work continues on the skids project as much as possible while awaiting approval from the State. Parts that were available on the used skids are being removed and readied for use, other parts have been ordered. Once the approval is received from the State of Colorado the skid project can move forward.

The new meter for the clubhouse is on order and should be received in the next few weeks. As pointed out in prior meetings the older meters are not accurate at low use volumes. Mr. Hudoff

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asked about the unaccounted water amount in the monthly report. Mr. Odell responded the unaccounted for water seems to be related to the low volume of use. As a precautionary measure the leak detector subcontractor will be scheduled for later this spring to help detect any leaks in the system.

Legal

There were no legal matters for today's meeting.

Financial Statements

The preliminary March 31, 2013 financial statements were presented in the board packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary March 31, 2013 financial statements as presented

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.

Operations

Operations matters were reported as routine.

Adjournment

There being no further business to come before the Board at this time, upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the April 15, 2013 Regular Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary