
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
of the Board of Directors of the
Holland Creek Metropolitan Districts
May 20, 2013**

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, May 20, 2013, at 9:10 a.m., in the RSR Sales Center conference room, 0376 Red Sky Road, Wolcott, Eagle County, Colorado.

Attendance

The following Directors were present:

- William Simmons
- Karen Braden-Butz
- Kyle Griffith
- Michael Gibbs

The following Director was absent and excused:

- William Kennedy

Also in attendance were:

- Bill Ankele, White, Bear & Ankele, PC (via phone)
- Ken Marchetti, CPA Robertson & Marchetti, PC
- Kathy Lewensten, RMPC Recording Secretary
- Mike Connell, RSRMD Director
- Fred Hudoff, RSRMD Director
- Ramsey Romanin, RSR Caretaker
- Don Odell, VRDC Operations
- Mike Miner, RSR Director of Golf Maintenance
- Glen Porzak, Esq. Porzak Browning and Bushong LLP

Call to Order

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 9:10 a.m. by Director Simmons, 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

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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 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.

Water Matters

Mr. Porzak explained he had been asked by VR to attend today's meeting to review RSR water matters. He noted he has been involved in discussions concerning water matters as they relate to the proposed Hermes Wolcott development. Several alternatives have been considered for water services in the area, including having RSR consider inclusion into ERWSD or having RSR provide water service to the Wolcott Development. He pointed out the District will need sufficient water rights for either alternative. He provided a hand out of the projected water demands and consumptive use based on RSR build out and several scenarios for wastewater systems.

Mr. Hudoff asked if the worksheet was based on the same amounts assumed by VR when the development was designed. Mr. Porzak responded the original water right needs were based on projected 10% consumptive use however due to changes within the District septic systems the rights need to be based on a 100% consumptive use. He explained the original water rights would have been adequate with conventional septic systems. However the District had to meet State health department regulations for the septic system permits which caused a change to 100% consumptive systems for a portion of the District. With that change the water rights needs increased. He reported VR has been on top of the changes and has been successful in securing the needed water rights through the water court.

The value of the necessary water rights is estimated to be approximately \$1.4 million. This assumes 48.4 acre feet at \$23,100 per acre foot and 48.1 acre feet at \$7,250 per acre foot for

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a total of 96.5 acre feet. This is based on the projected consumptive use with 50% evaporative and 50% non-evaporative septic systems. The option of creating a central sewer system was reviewed by ERWSD but was found not to be cost effective. Mr. Porzak stated the estimated rates are based on Colorado River Water Conservancy and Eagle River Water “in lieu of” rates which are the lowest in the state. He noted rates for water are not likely to decrease and in fact are increasing statewide due to water becoming a valued commodity.

Mr. Marchetti and Mr. Ankele both stated this was the most detail the District has received regarding water matters. The current water lease has a term through 2017. The Wolcott development moving forward has brought the matter of water needs and water rights to the forefront. Mr. Connell and Mr. Hudoff expressed frustration that this matter had not been more fully presented prior to today and at the estimated cost.

Mr. Porzak stated this was a beginning point for further discussion as to options for financing and obtaining or leasing the necessary water rights. It was pointed out the amount of water and the cost was more than anticipated or discussed at prior Board meetings.

Mr. Porzak provided a red line of the ERWSD agreement that had been drafted and included in the April board packet. A copy of the red lined agreement will be provided to the Board via e-mail. The agreement contemplates the conveyance of the Districts water plant to ERWSD. Mr. Porzak expressed his opinion that inclusion into ERWSD would make the most sense for the District.

The Board expressed a desire to continue the meeting to Thursday, May 30, 2013 immediately following the RSRMD continued meeting for further discussion regarding water matters.

Public Input

No public comment was offered.

Minutes

The Board reviewed the minutes of the April 15, 2013 Regular Meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes of the April 15, 2013 Regular Meeting.

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Meeting Schedule

The next regular meeting is scheduled for Monday, June 17, 2013 at the same time and location. A continued meeting was scheduled for Thursday, May 30, 2013 immediately following the continued RSRMD meeting to be held in the conference room at the office of Robertson and Marchetti, PC.

Tap Fee Rates

To Board tabled discussion of the draft water and wastewater tap fee rate sheet that had been included in the packet.

Water Plant Operations

Mr. Odell reported six new meters have been received and will be installed in properties in the next few weeks. The newer meters are more accurate than the older meters at lower volumes. He noted the District now has more data to review for use trends. The leak detection service has been scheduled to come in the next few weeks leak detection is done annually as a preventative measure. With the summer irrigation season coming up the District will be proactive in following up with any excessive use and will be providing conservation tips to property owners.

The complete submittal for the skids capital project has been completed and is undergoing final review prior to providing it to the State. The approval process generally takes 180 days. Once approval is received the project can move forward. In the meantime work continues on the skids project as much as possible.

Bellyache Metro District has reported their wells have recovered and they have not had a need for water in the last few weeks.

Legal

There were no legal matters for today's meeting.

2012 Audit

The Board tabled discussion of the 2012 audit until the continued meeting on May 30th.

Financial Statements

The preliminary April 30, 2013 financial statements were presented in the board packet. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the preliminary April 30, 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.

Continuation Upon motion duly made and seconded, it was unanimously

RESOLVED at 10:40 a.m. to continue the May 20, 2013 Regular Meeting of the Holland Creek Metropolitan District Board of Directors to Thursday, May 30, 2013 at 9:30 a.m. or immediately following the Red Sky Ranch Metro District continued meeting, to be held in the conference room at the offices of Robertson and Marchetti, PC

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary