
RECORD OF PROCEEDINGS

Minutes of the Continuation Meeting of the Board of Directors of the Holland Creek Metropolitan Districts May 30, 2013

The Continuation Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Thursday, May 30, 2013, at 9:30 a.m., at the office of Robertson & Marchetti, PC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado.

Attendance

The following Directors were present:

- William Simmons
- Karen Braden-Butz
- Kyle Griffith
- Michael Gibbs
- William Kennedy (via telephone)

Also in attendance were:

- Bill Ankele, White, Bear & Ankele, PC (via telephone)
- Ken Marchetti, CPA Robertson & Marchetti, PC (via telephone)
- Debbie Braucht, RMPC Recording Secretary
- Mike Connell, RSRMD Director
- Fred Hudoff, RSRMD Director
- Don Odell, VRDC Operations
- Dan Cudahy, McMahon & Associates, PC

Call to Order

The Continuation Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 9:30 a.m. by Director Simmons, noting a quorum was present.

Potential Conflicts

Mr. Ankele stated conflicts were filed for the May 20th meeting and since today's meeting was a continuation of that meeting those conflicts were applicable and no new conflict disclosures were required.

2012 Audit

Mr. Cudahy presented the 2012 audited financial statements and offered a clean opinion. There were no issues with the audit, internal controls were good and they experienced no difficulties performing the audit. There were some formatting changes this year because of changes in governmental accounting law but there

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was nothing noteworthy. Upon motion duly made and seconded it was unanimously

RESOLVED to accept the 2012 audit as presented.

Long Range Forecast

Mr. Marchetti reviewed the long range forecast with the Board. With less money coming over from Red Sky Ranch due to a decrease in assessed values the upcoming road overlays will create budget deficits in future years. The full 35 mills from Red Sky Ranch will be needed and possibly more for operations. Mr. Connell stated a possible mill levy increase may be needed to offset the decrease tax revenue. In his forecast Mr. Marchetti contemplates tap fees will continue to come to the District and may be considered for funding other purposes such as road overlays, capital projects or debt service. More analysis was needed to show what the impact would be if the District were to include into Eagle River Water and Sanitation District.

Water Matters

Included in the Board packet was a redline draft of the water agreement. One major point of the agreement is the purchase of the water treatment plan and the role of the Hermes/Wolcott Development Group in the purchase of the plant. Eagle River Water and Sanitation District (ERWSD) wants the District to increase the capacity of the plant but what is the cost and are they willing to pay the expenses related to the increased capacity? Materials have already been purchased to increase the capacity but should the District do this or should ERWSD? What will the increased demand be on the plant with the Wolcott development and what is the value of the increased capacity? There is a lot of work to do on this agreement.

Mr. Connell asked Director Kennedy if in his opinion this is good for the Districts. Director Kennedy said he has been waiting on the details of the agreement but hasn't even seen a proposal. He needs to see numbers and rates. The struggle has been that the cost of the infrastructure has been paid for by too few homes. Spreading the cost would be beneficial. The Board asked for Vail Associates to clarify their intent for development of the 210 parcel which would impact the Board's decision on inclusion into ERWSD. Mr. Connell and Mr. Hudoff stated the rates are a concern of theirs. The Holland Creek residents are used to a certain rate but would

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their rate structure be more favorable? Director Kennedy added the implications seen to indicate they would be more favorable because of the density but ERWSD also charges a mill levy.

Director Kennedy stated there are two parts to the agreement. 1) Holland Creek has to come to an agreement on the plant. 2) Red Sky Ranch must agree to be in an extra service area which may mean an inclusion election. Are rates going to change? Will they add a ERWSD mill levy? There are a lot of unanswered questions. Someone is working on these details but no one has provided them to the Districts. Mr. Hudoff asked if the transfer of the plant enters into the bond discussions that Red Sky Ranch is having. Director Kennedy said he did not believe it would since that only affects debt service but may have an indirect benefit. Director Kennedy stated he believes a meeting with frank discussions of the proposals should include Linn Brooks, a representative from ERWSD Board and representatives from the Red Sky Ranch and Holland Creek Boards is critical. The Boards would then better understand how this will all play out. Directors Simmons and Kennedy agreed a meeting and not just a response to the agreement would be better so the process doesn't drag out.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the May 30, 2013 Continuation Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Debbie Braucht

Debbie Braucht
Recording Secretary