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# RECORD OF PROCEEDINGS

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

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, July 15, 2013, at 8:45 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 (via phone)
- Fred Hudoff, RSRMD Director
- Don Odell, VRDC Operations
- Mike Miner, RSR Director of Golf Maintenance
- Ramsey Romanin, RSR Caretaker

### **Call to Order**

The Regular Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 8:45 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 Club, an indirect operating subsidiary of Vail Resorts, Inc, which both have significant business interests within the Districts;

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[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.

### Minutes

The Board reviewed the minutes of the June 17, 2013 Regular Meeting. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes of the June 17, 2013 Regular Meeting as presented.

### Meeting Schedule

The next regular meeting is scheduled for Monday, August 19, 2013 at the same time and location.

### Tap Fee Rates

The Board tabled discussion of the water and wastewater tap fees.

### Water Matters

Mr. Connell reported a meeting had been held with Linn Brooks (ERW), Mr. Jim Collins (ERW counsel), Director Simmons, Mr. Iskenderian (VRDC) and Mr. Marchetti regarding Wolcott water matters. He stated the Wolcott Development has not yet received approval from Eagle County. Construction of a wastewater treatment plant with an estimated cost of \$8 million is part of the plan. ERW would like RSR to join into the District and is interested in having the water plant conveyed to them. One question that remains would be the estimated cost of constructing a water treatment plant as comparison for the value of the District plant. No water rates or property tax estimates have been provided to the District from ERW. Ms. Brooks indicated they understood this information was needed. On a long term basis it appears combining with ERW would provide the benefit of spreading costs over more users and be beneficial to the RSR owners. Mr. Hudoff responded the homeowners are interested in the projected long term water rates and potential property tax mill levies. Mr. Marchetti explained one method under consideration was to leave

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the current RSR rates in place until the first unit in Wolcott connected at which time the rates would change to the ERW rates. The ERW rates are currently lower than the RSR rates.

Director Simmons stated a follow up conference call was held with himself, Mr. Marchetti and Mr. Gelvin (ERW consultant) regarding questions related to additional data that was needed. Mr. Hudoff and Mr. Connell reiterated the benefits of joining ERW will need to be defined and the value of the conveyance of the water plant needs to be based on realistic estimates. Director Simmons noted negotiations should provide this information once all the data is collected. Mr. Marchetti stated if the District included into ERW the deficits in the water fund would no longer need to be covered. It is expected the District will continue to receive any future tap fees to use towards debt service related to the construction of the improvements.

The water lease and water rights were discussed. The District will need to have adequate water rights for conveyance to ERW. At a prior meeting estimates of water rights needs had been presented but remain under review. It is unclear how the District would fund the purchase of the necessary water rights. RSR does not have any additional capacity to issue debt. One option may be to finance the purchase through an additional draw from the \$5.2 note between HC and VR. The matter was tabled until more information is available.

### **Water Plant Operations**

Mr. Odell reported the leak detection service came and no leaks were detected. The wastewater inspection by the State went well with nothing to report. He noted the carbon was scheduled to be replaced in the two GAC units, however after testing it was determined only one unit's carbon is spent and needs replacing this year. The other unit's carbon is still functional so replacement will be delayed until testing shows it is necessary. The member's clubhouse wastewater system will be pumped out in the next few weeks. Since it is a larger system there are some logistics to getting it pumped out. In the past Bowman had large enough equipment to do it however he is no longer in business so several companies will need to be coordinated this year for removal of the material.

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Mr. Odell reported Mr. Zachman is leaving SGM and that SGM will no longer be providing contract operations services after September. Mr. Odell will be obtaining proposals for a new operator and will bring them back for Board consideration.

Mr. Odell reported he had met with Mr. Williamson to review water use as it relates to water rights needs. It may be beneficial to install additional meters at the plant to help determine lost water and consumptive water. Some water is lost to evaporation.

### **Legal**

Mr. Ankele stated there was no separate report for legal.

### **Financial Statements**

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

**RESOLVED** to approve the preliminary June 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. Mr. Romanin reported brackets for 22 street lights had been ordered and will be installed by fall. Mr. Odell reported on housing construction activity. The caretakers unit on Staghorn will not move forward at this time. Lot 3 is in DRB review but there are some concerns over elevations and location.

### **Resignation/Appointment Of Director**

Mr. Ankele explained the resignation/appointment of a Director needed to be delayed to a future meeting.

### **Adjournment**

Upon motion duly made and seconded, it was unanimously

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

Respectfully submitted,  
*/s/ Kathy Lewensten*

Kathy Lewensten  
Recording Secretary