
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of the Holland Creek Metropolitan Districts December 13, 2013

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Friday, December 13, 2013, at 2:30 p.m., in the two elk conference room, 137 Benchmark Road, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- William Simmons
- Karen Braden-Butz
- Alex Iskenderian
- 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

Call to Order

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 2:30 p.m. by Director Kennedy, noting a quorum was present. Red Sky Ranch Metropolitan District will be meeting concurrently with HCMD today to discuss matters related to the 2014 budget.

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; [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 [Alex Iskenderian](#) is Sr. Vice President and C.O.O. of Vail Resorts Development Co., a

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wholly owned subsidiary of the Vail Corporation d/b/a Vail Resorts Management company which all have significant business interests within the Districts.

2014 Budget

Mr. Marchetti explained additional information regarding the assessed valuation of RSRMD had become available since the November 18th meeting. The protests have been settled and the Districts assessed valuation will remain steady for 2014. With this in mind he wanted to meet with the Boards to discuss the RSRMD mill levy set previously to see if it should be adjusted.

Holland Creek Metro District is meeting concurrently with RSRMD to offer input to the discussion. The contractual process for setting the RSR mill levy allows HCMD to recommend the mill levy to RSRMD for consideration, RSRMD then may formally adopt the mill levy or propose changes for consideration by HCMD. HCMD has the ability to overrule RSR and require them to certify the recommended mill levy.

The Board listened to the mill levy discussion by the RSRMD Board. The RSRMD wished to lower the 72 mills that had been set at the November 18th meeting based on the new information regarding the assessed valuation. Director Iskenderian cautioned against lowering the mill levy to the point the reserves are used up quickly.

Mr. Marchetti recommended 69 mills, with 37 for debt service and 32 for contractual service obligations with HCMD. He explained this would adequately fund the HCMD operations expenditures and provide RSRMD with approximately four years of reserves to help cover any shortfalls in their debt service fund. The Board stated this seems reasonable. No changes were necessary to the adopted 2014 HCMD budget.

Mr. Connell reported on the recent meetings held with ERWSD regarding Wolcott area water matters. As discussed at prior meetings ERW and District representatives are exploring the possibilities of using the HC water plant to provide water to the Herme's Wolcott development project. The value of the water plant assets under consideration for conveyance has been debated. The water fund runs an annual deficit of approximately \$45,000 per year. This will not change unless usage increases dramatically.

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The District would benefit with conveyance of the assets by saving the annual deficit amount and by not needing to fund future capital improvements or upgrades while continuing to receive water service at a reasonable cost. Another matter under discussion is the necessary water rights and their value. Funding for purchase of the water rights will need to be determined. One alternative suggested is to dedicate all future water tap fees for this purpose.

ERW has indicated Hermes is looking for a decision as to whether ERW will use the HC water plant or if they will need to design their own by February 1, 2014. Basically any deal would be contingent on the Wolcott Developer moving forward. The steps include: the developer closing on the land, the Wolcott Metro District holding an election in May for voter debt authorization and the issuance of bonds. It is expected the District will have a draft agreement from ERW for consideration at the January meeting.

Accounts Payable Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the December 13, 2013 Special Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary