
RECORD OF PROCEEDINGS

**Minutes of the Special Meeting
of the Board of Directors of the
Holland Creek Metropolitan Districts
February 3, 2014**

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District, Eagle County, Colorado, was held Monday, February 3, 2014, at 8:30 a.m., in the two elk conference room, 137 Benchmark Road, Avon, Eagle County, Colorado.

Attendance

The following Directors were present:

- Karen Braden-Butz
- Alex Iskenderian
- William Kennedy

The following Director was absent and excused:

- William Simmons

Also in attendance were:

- Brent Butzin, 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
- Mike Miner, RSR Director of Golf Maintenance

Call to Order

The Special Meeting of the Board of Directors of the Holland Creek Metropolitan District was called to order at 8:00 a.m. by Director Kennedy, noting a quorum was present. The meeting was being held concurrently with the Red Sky Ranch Metro District meeting.

**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

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business interests within the Districts; and [Alex Iskenderian](#) is Sr. Vice President and C.O.O. of Vail Resorts Development Co., a wholly owned subsidiary of the Vail Corporation d/b/a Vail Resorts Management company which all have significant business interests within the Districts.

Water Service Agreement

Discussion began on the draft water service agreement and related matters. The latest draft of the water service agreement had been provided to the Boards via e-mail late Saturday. There are three major items under negotiation, the Water Service Agreement; water rights matters and a pipeline agreement. The Districts will not be a party to the pipeline agreement; it would be between VR and ERW. Hermes has indicated they want definite direction by the end of February as to whether the Districts intend to move forward with the Water Service Agreement.

It was reported Mr. Townsend from Hermes had attended the recent RSRPOA meeting to discuss the Wolcott development. He did not offer any further details regarding the anticipated closing date for financing on the Wolcott land purchase. The RSRPOA has been kept up to date on matters and provided comments for consideration. Director Iskenderian pointed out the POA was not a direct party to any of the agreements however he noted input from the POA is welcomed by both Boards. Director Iskenderian asked where RSRPOA stands overall. Mr. Connell stated the POA agrees the Water Service Agreement is the right way to proceed. Even with a myriad of concerns at this time it appears to benefit all parties for Wolcott to interconnect to HCMD's water plant.

The discussion turned to water rights and potential cost. The current Water Lease Agreement expires in 2017 so regardless of the outcome of the Water Services Agreement the Districts will need to negotiate to continue or replace the water rights lease agreement with VR prior to the termination date.

The Boards considered options that may exist for the Districts if the Wolcott development does not move forward this year. It was reported ERW had recently expanded their district boundaries to include the Wolcott area. Without the economies of scale it is hard to determine if ERW would have any interest in operating the water plant.

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The Board continued discussing revisions to the draft Water Service Agreement. In addition to the remaining terms yet to be negotiated the agreement is also subject to several contingencies. They include, the passing of the May Wolcott sub district election, provision of the developer guaranty for the ERW bond, water rights matters, and the agreement with VR related to the raw water pipeline. Mr. Iskenderian suggested a Memo of Understanding be drafted for consideration at the February 17th meeting. The M.O.U. would indicate to Hermes and ERW the Districts are definitely interested in moving forward. The Boards requested counsel draft an M.O.U. or resolution for review prior to the Feb 17th meeting that reflects the Boards desire to support the proposal while the remaining details and agreements are being negotiated.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the February 3, 2014 Special Meeting of the Holland Creek Metropolitan District Board of Directors.

Respectfully submitted,
/s/ Kathy Lewensten

Kathy Lewensten
Recording Secretary