
RECORD OF PROCEEDINGS

**Minutes of the Joint Regular Meeting of the
Boards of Directors of
Alpine Metropolitan District and Breckenridge Mountain Metropolitan District
May 23, 2019**

The Joint Regular Meeting of the Boards of Directors of Alpine Metropolitan District and Breckenridge Mountain Metropolitan District was held May 23, 2019 at 9:00 a.m., in the Crystal Peak Lodge located at 1891 Ski Hill Rd, Breckenridge, Summit County, Colorado.

Attendance

The following Directors were present and acting:

Alpine:

Jeff Zimmerman
Norm Helm
Chris Gersbach
Jeff Lifgren
John Dawsey

Breckenridge Mountain:

Jeff Zimmerman
Norm Helm
Chris Gersbach
Jeff Lifgren
John Dawsey

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver LLC (via telephone)
- Beth Johnston, Marchetti & Weaver LLC, Recording Secretary
- Trish Harris, White Bear Ankele Tanaka & Waldron PC
- Jesse Meryhew, OAC Management
- Lisa Hemann, Chadwick, Steinkirchner, Davis & Co., P.C (by telephone)

Call to Order

Director Zimmerman called roll at 9:05 a.m. for the joint Regular meeting of the Boards of Directors of Alpine Metropolitan District and Breckenridge Mountain Metropolitan District meeting noting a quorum was present.

**Potential
Conflicts**

The Boards noted that they have received certain written disclosures of potential conflict of interest statements from each of the Directors more than seventy-two hours prior to the meeting, indicating the following conflicts: Jeff Zimmerman is Senior Director of Mountain Operations for Vail Resorts Management Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., which all have significant business interests within the Districts; Norm Helm is Director of Association Management for Vail Resorts Development Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc. which all have significant business interests within the Districts; Jeff Lifgren is Director of Ski Services for Breckenridge Ski Company, a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., which all have significant business interests within the Districts; Chris Gersbach is General Manager of One Ski Hill Pace and Crystal Peak Lodge for Vail Resorts Management Co., a subsidiary of the Vail Corporation and an indirect operating subsidiary of Vail Resorts, Inc., which all have significant

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business interests within the Districts; John Dawsey is Vice President of Hospitality for Vail Resorts, Inc., which has a significant business interest within the Districts.

Agenda There were no changes to the agenda.

Public Input There was no public input.

2018 Amended Budgets

Mr. Marchetti gave background for the need to amended the 2018 budgets for Alpine and Breckenridge Mountain Metropolitan Districts explaining that the audit identified some items that had been expected and budgeted in 2019 but were actually incurred at the end 2018. Mr. Marchetti confirmed that the meeting had been published for the Breckenridge Mountain and Alpine Metropolitan Districts 2018 Amended Budgets hearings and opened the hearings for comment. Mr. Marchetti reviewed the Breckenridge Mountain and Alpine Metropolitan District 2018 amended budgets. There being no further comment, the public hearings on the proposed 2018 amended budgets for the Breckenridge Mountain and Alpine Metropolitan Districts were closed. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2018 amended budget for the Breckenridge Mountain Metropolitan, and

FURTHER RESOLVED to approve the 2018 amended budget for the Alpine Metropolitan District.

Draft 2018 Audited Financial Statements

Mr. Marchetti introduced Ms. Hemann with Chadwick, Steinkirchner, Davis & Co., P.C. Ms. Hemann gave background of herself and the firm discussing the roles of the auditor and management and procedures used to complete the audits. Ms. Hemann reported that Marchetti and Weaver LLC was well qualified to complete the internal financial statements for the Districts and reported no difficulties in obtaining the information necessary to complete the audits. Ms. Hemann explained the journal entries necessary to move the equipment between years and suggested that management closely monitor year end items to make sure they are put into the correct year. Ms. Hemann opened the discussion to questions and Ms. Harris noted that District counsel had reviewed the reports and did not have any concerns. Following discussion, and by motion duly made and seconded, it was unanimously

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RESOLVED to approve the Breckenridge Mountain Metropolitan District 2018 Audited Financial Statements as presented; and

FURTHER RESOLVED to approve the Alpine Metropolitan District 2018 Audited Financial Statements as presented.

Ms. Hemann left the meeting at 9:20 a.m.

Financial Statements

Mr. Marchetti reviewed the financial statements ending March 31, 2019, for Breckenridge Mountain and Alpine Metropolitan Districts noting there was minor activity so far for the year. Mr. Marchetti reviewed the assessed valuation for 2018, 2019, and 2020 preliminary and the residential assessment rate (RAR) that was set at 7.15% instead of the anticipated 6.2%. Mr. Marchetti explained that new construction, the higher than expected RAR, and overall increased property values were boosting the projected property tax revenue.

Discussion continued on whether the District should lower the mill levy rate for 2020, future projects and expenditures, and what obligations the District had to fund future projects, lower the mill levy rate, and if there were sufficient funds to maintain their current assets. The Board requested a capital reserve study to be completed to assist in answering these questions and asked Mr. Meryhew with OAC to provide an estimate for the cost for preparation of a reserve study of the District's assets for consideration at the next meeting with expected completion of the Reserve Study by the August.

Director Zimmerman reviewed the Town of Breckenridge agreement for maintenance of the Gondola. Director Zimmerman stated that Vail Resorts currently maintains the gondola and asked the Board if the District should consider assuming the maintenance. General discussion continued with no action taken at this time.

Accounts Payable

Ms. Johnston reviewed the Accounts Payable list included in the meeting packet noting that the bond payments due in June were included. Following discussion and, upon motion duly made and seconded, it was unanimously,

RESOLVED to approve the accounts payable list as presented.

Mr. Marchetti left the meeting at 10:10 a.m.

Ski Hill Road Project Update

Mr. Meryhew reported that due to the weather, warranty work and utility surveys were delayed and expected to be completed by the end of June. Mr. Meryhew reviewed the budget and distributed an updated Owner

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Contingency report noting there were no further anticipated design changes. Discussion continued on the final landscaping condition requested by Town of Breckenridge noting that the area would be a problem to keep vegetated.

Ice Rink, Escalator, & ADA Lift Update

Mr. Meryhew reviewed the progress to date on the ice rink, escalator and ADA lift project noting OAC was on-site weekly for observation. The ice rink was scheduled for completion in August with a September start. Mr. Meryhew reported that damage to the escalator would be repaired prior to completion and start up. Discussion continued on the warranty start dates and how best to calculate the recovery BTUs from the ice rink for use in the BVG snowmelt systems. The Board requested that Ms. Harris review the OAC agreement for oversight and a possible extension provision for presentation at the June meeting.

Minutes

The Board reviewed the minutes included in the packet noting the revisions to the November 1, 2018, minutes. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the revised November 1, 2018, minutes;
and

FURHTER RESOLVED to approve the February 28, 2019
minutes as presented.

Master Easement Agreement

Ms. Harris reviewed the background of the Master Easement Agreement noting the Agreement was not included for discussion because it was still being determined what areas the District would maintain. Discussion continued on who would be responsible for what areas with the District concluding that they should be responsible for anything directly related to the ice rink. Mr. Meryhew suggested that the Agreement exclude any building controls and only keep those controls directly and entirely related to the ice rink. Ms. Harris agreed to consult with OAC on any revisions to the agreement and expected to have the Agreement ready for consideration by the August meeting.

Mr. Meryhew left the meeting at 10:40 a.m.

Ice Rink Management Agreement

Ms. Harris reviewed the updated management agreement that was distributed to the Board via email the day before the meeting. Upon review, Ms. Harris noted her concerns on some of the revisions by BGV including a unilateral option to extend the agreement with no input from

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the District and lack of clarification on the capital improvement schedule and funding for capital repairs. The Board requested that Ms. Harris update the agreement based on their discussion and work out the details with BGV so a final agreement could be presented for consideration at the August meeting.

Escalator & Lift Maintenance Agreement

Ms. Harris reviewed the license agreement with Vail Resorts regarding the escalator and ADA lift maintenance noting that the agreement has not yet been reviewed by Vail Resorts' legal team. Discussion on the agreement continued on responsibility for capital repairs and replacement, responsibility for general repairs and maintenance and what entity had ultimate control of the equipment. The Board requested that Ms. Harris adjust the agreement as discussed and send to Director Zimmerman to be passed to the Vail Resorts' legal team for review.

Future Meetings

The Board confirmed that the next meeting would be held June 27, 2019 at 9:00 as scheduled.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Joint Regular Meeting of Alpine and Breckenridge Mountain Metropolitan Districts Board of Directors this 23rd day of May, 2019.

Respectfully submitted,



Beth Johnston
Recording Secretary